



EXECUTIVE SUMMARY

MEETING DATE: December 11, 2025

HCR25-077

SUBJECT: Loan Recommendation for 40th and Alpha Street Apartments

COUNCIL DISTRICT: 8

ORIGINATING DEPARTMENT: Real Estate

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

REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$1,383,000 to Alpha Street Housing Associates, LP, a California limited partnership, to facilitate the acquisition of the land for the new construction of 40th and Alpha Street Apartments, a development at 3947-3953, 3963 Z Street, in the Southcrest community, which will consist of 91 housing 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 (AMI), and one unrestricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed 40th and Alpha Street Apartments development will consist of two buildings with distinct designs and amenities:
 - Building 1, on the western portion of the site, will be six stories and will contain 78 dwelling units served by two elevators. The podium level will include 19 standard and four tandem parking spaces, a leasing office, community room, and miscellaneous building systems rooms (electrical, boiler, trash, mechanical). The second story will provide a 1,200-square-foot courtyard, a laundry room, and an additional 452 square feet of space for common-area amenities.
 - Building 2, on the eastern portion of the site, will be three stories and will contain 14 dwelling units, as well as a 2,400-square-foot childcare center and an 1,800-square-foot outdoor play area, likely to be operated by SAY San Diego. The childcare center will feature frontage access off 40th Street, while the residential units will be accessed via stairwells.
- The development is designed to function as a pedestrian-friendly housing option ideal for working persons and households interested in using public transportation, and related sustainable alternatives, as part of their transportation plan. A bus stop is within 0.3 of a mile from the property.
- Community HousingWorks (CHW) CHW delivers services through both on-site staff and through partners and volunteers. On-site programs and services will be offered to all residents at no cost to them. They will be within core service initiative areas: Financial Well-Being, Next Generation Success, and Health and Wellness.
- In response to SDHC's Fiscal Year (FY) 2026 Notice of Funding Availability (NOFA) 26-01, Alpha Street Housing Associates LP, and CHW submitted an application for a loan for the 40th and Alpha Street Apartments. On November 13, 2025, SDHC staff provided a preliminary recommendation of award of a residual receipts loan up to \$1,383,000, subject to SDHC Board approval.
- The proposed SDHC loan will solely fund the acquisition of the land related to the proposed development. No other uses will be permitted for these funds.
- The funding sources and uses proposed to be approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2026 SDHC Budget.
- The proposed project has an estimated total development cost of \$49,654,022 (\$539,718/unit).



REPORT

DATE ISSUED: December 4, 2025

REPORT NO: HCR25-077

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of December 11, 2025

SUBJECT: Loan Recommendation for 40th and Alpha Street Apartments

COUNCIL DISTRICT: 8

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 Recommendations No. 1.

REQUESTED ACTIONS

Approve a proposed residual receipts loan in an amount not to exceed \$1,383,000 to Alpha Street Housing Associates, LP, a California limited partnership, to facilitate the acquisition of the land for the new construction of 40th and Alpha Street Apartments, a development at 3947-3953, 3963 Z Street, in the Southcrest community, which will consist of 91 housing 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 (AMI), and one unrestricted manager's unit.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board), take the following actions as described in this report:

- 1) Approve a proposed residual receipts loan in an amount not to exceed \$1,383,000 to Alpha Street Housing Associates, LP, a California limited partnership, to facilitate the acquisition of the land for the new construction of 40th and Alpha Street Apartments, a development at 3947-3953, 3963 Z Street, in the Southcrest community, which will consist of 91 housing 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 (AMI), and one unrestricted manager's unit.

SDHC'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 SDHC General Counsel's approval.

- 2) Authorize the President and Chief Executive Officer (President and 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 \$1,383,000 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 and CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to

implement this approval and delegation of authority by the SDHC Board upon advice of the General Counsel.

SUMMARY

Table 1 –Development Details

Address	3947-3953, 3963 Z Street
Council District	8
Community Plan Area	Southeastern San Diego Planning Community Plan
Developer	Community Housing Works
Development Type	New construction
Construction Type	Building 1: Five levels of Type V over one level Type I/III podium construction (six stories) Building 2: Three levels of Type V construction (three stories)
Parking Type	19 standard parking stalls; 4 tandem parking stalls
Local Amenities	<u>Mass Transit</u> : National Ave & 40 th Street bus stop (within 0.3 of a mile from the property) <u>Grocery</u> : Northgate Gonzalez Market (within 0.5 of a mile from the property) <u>Schools</u> : Baker Elementary School (within 0.3 of a mile from the property) Harley Knox Middle School (within 1.3 miles from the property) Cristo Rey High School (within 0.4 of a mile from the property)
Housing Type	Affordable multifamily for individuals and families with low income
Accessibility	Wheelchair accessibility in 15 percent of the units, and 10 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	Three parcels totaling 0.48 acres, 20,929 square feet
Units	92 (91 units restricted/affordable)
Density	192 dwelling units per acre (92 units ÷ 0.48 acres)
Unit Mix	91 affordable rental units: 70 one-bedroom units, 21 two-bedroom units, and 1 two-bedroom unrestricted manager's unit.
Gross Building Area	78,499 square feet.
Net Rentable Area	53,841 square feet.
Affordable Units in Service by Council District	Council District 8 includes 4,732 affordable rental housing units currently in service, which represents 16.2 percent of the 29,257 affordable rental housing units in service citywide.

The Development

The 40th and Alpha Street Apartments project is a proposed 92-unit, new construction, affordable, transit-oriented development. It will consist of 70 one-bedroom and 22 two-bedroom apartments, including one unrestricted two-bedroom manager's unit.

The development will consist of two buildings with distinct designs and amenities:

- Building 1, on the western portion of the site, will be six stories—five levels of wood frame over a single podium level—and will contain 78 dwelling units served by two elevators. The podium

level will include 19 standard and four tandem parking spaces, a leasing office, community room, and miscellaneous building systems rooms (electrical, boiler, trash, mechanical). The second story will provide a 1,200-square-foot courtyard, a laundry room, and an additional 452 square feet of space for common-area amenities, creating accessible and functional outdoor and indoor community spaces for residents.

- Building 2, on the eastern portion of the site, will be three stories of wood frame and will contain 14 dwelling units, as well as a 2,400-square-foot childcare center and an 1,800-square-foot outdoor play area, likely to be operated by SAY San Diego. The childcare center will feature frontage access off 40th Street, while the residential units will be accessed via stairwells on the building's northern and southern sides.

The development will be at 3947-3953, 3963 Z Street, in the Southcrest community in the Southeastern San Diego Community Plan area (Attachment 1 Site Map). The development is designed to function as a pedestrian-friendly housing option ideal for working persons and households interested in using public transportation, and related sustainable alternatives, as part of their transportation plan.

Unit amenities will include a refrigerator, stove/oven, dishwasher and garbage disposal. Site amenities include bike parking, a leasing office, laundry facilities, and a courtyard/play area. The development will also include a community room and computer lab, which will be open for residents to use and for resident services programming utilized by case management and resident services for all residents.

Services

As part of Community HousingWorks' (CHW) resident-driven approach, Achieve Resident Services, CHW will perform a resident opportunity and needs assessment for 40th and Alpha Street 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 SDHC's Fiscal Year (FY) 2026 Notice of Funding Availability (NOFA) 26-01, Alpha Street Housing Associates LP, and CHW submitted an application for a loan for the 40th and Alpha Street Apartments. On November 13, 2025, SDHC staff provided a preliminary recommendation of award of a residual receipts loan up to \$1,383,000, subject to SDHC Board approval, for the 92-unit 40th and Alpha Street Apartments development. This proposed loan will solely fund the acquisition of the land related to the proposed development. No other uses will be permitted for these funds.

CHW proposes to construct 91 new affordable apartment units, with financing that would include the proposed SDHC acquisition loan, a bond allocation from the California Debt Limit Allocation Committee (CDLAC), an allocation of 4 percent federal and state tax credits from the California Tax Credit Allocation Committee (CTCAC), a County of San Diego Innovative Housing Trust Fund loan, a City of San Diego Economic Development Department (EDD) Bridge to Home loan, and other necessary third-party financing as described in this report.

The Property

CHW holds a purchase option for the 0.48-acre vacant site at 3947-3953, 3963 Z Street (Attachment 1 Site Map).

Appraisal

An appraisal of the subject site with an effective date of September 19, 2025, valued the property at \$1,630,000. The developer obtained the appraisal, conducted by Kidder Mathews.

Prevailing Wages

U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) funds, via the proposed SDHC loan, will be used exclusively to purchase the land. However, the proposed project is not currently subject to payment of federal prevailing wages because the use of CDBG funds for real property acquisition will not alone require compliance with federal Davis-Bacon and Related Acts.

Project Sustainability

The 40th and Alpha Street Apartments development will be constructed in conformance with the CTCAC's minimum energy efficiency standards. The developers will achieve a minimum LEED Silver or equivalent certification. Planned green features include energy-efficient appliances and water-saving volatile organic compound (VOC) paints. Landscape architecture will be designed using drought-tolerant and native plants.

Accessibility

CTCAC requires wheelchair accessibility in 15 percent of the units, and 10 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. The development's housing units will be accessible in accordance with the Americans with Disabilities Act and Section 504. If federal 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 subject property is vacant. No relocation is necessary.

Development Team

CHW is the developer. The proposed borrower will be Alpha Street Housing Associates, LP, which will have CHW Alpha Street LLC as its General Partner and a to-be-determined tax credit investor limited partner (Attachment 2 – Org Chart), both of which are CHW affiliates. CHW is a nationally recognized 37-year-old 501(c)(3) nonprofit organization. With 4,971 rental apartments in 52 communities statewide, CHW serves more than 11,000 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 SDHC loans. CHW is in full compliance with its previous SDHC loans. Based upon the developer's past experience and performance, SDHC staff has determined that the developer has the capacity to successfully complete the proposed 40th and Alpha Street Apartments development.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Community Housing Works (CHW)
Owner/Borrower	Alpha Street Housing Associates, LP
Managing General Partner	CHW Alpha Street LLC
Tax Credit Investor Limited Partner	To be determined
Architect	AVRP Studios
General Contractor	Highland
Property Management	ConAm Management Corporation
Construction and Permanent Lender	To be determined
Tenant Services Providers	CHW's Achieve Resident Services
Construction/Permanent Lender	To be selected

Property Management

The 40th and Alpha Street Apartments development 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 63,000 units in more than 26 metropolitan areas. It is experienced in property management, marketing, maintenance, renovations and tax credit developments. ConAm manages more than 34 developments for CHW and is overseen by CHWs Asset Management Department.

FINANCING STRUCTURE

The proposed project has an estimated total development cost of \$49,654,022 (\$539,718/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 3 and summarized in Table 3 below.

Table 3 – 40th and Alpha Street Apartments Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Tax Exempt Permanent Loan	\$8,604,034	Acquisition	\$1,383,000	\$15,033
B Bonds	1,792,442	Hard Costs	29,952,178	325,567
SDHC Proposed Loan	1,383,000	Hard Costs Contingency	1,497,609	16,278
Accrued Interest	41,981	Soft Costs	9,624,143	104,610
Refund	140,953	Soft Costs Contingency	261,937	2,847
City of San Diego Bridge to Home Loan	4,500,000	Financing Costs	641,201	6,970
Accrued Interest	122,211	Reserves	326,554	3,550
County of San Diego IHTF	2,617,000	Developer Fee	5,967,440	64,863
Accrued Interest	95,190			
General Partner Capital	100			
Limited Partner Equity	26,889,671			
Deferred Developer Fee	3,467,440			
Total Development Cost	\$49,654,022	Total Development Cost (TDC)	\$49,654,022	\$539,718

SDHC's proposed \$1,383,000 residual receipts loan will be fully funded with the Community Development Block Grant (CDBG) funds. The total amount of SDHC funding sources shall not exceed \$1,383,000. SDHC's President and CEO, or designee, will make a final determination of SDHC funding

sources, contingent upon budget availability. The proposed loan terms are summarized in Attachment 4.

Developers' Fee

\$5,967,440 – Gross developer fee
- 3,467,440 – Minus deferred developer fee
\$2,500,000 – Net cash developer fee

The proposed developer fee complies with SDHC's developer fee guidelines.

Development Cost Key Performance Indicators

SDHC staff has identified development cost performance indicators that are used to evaluate proposed developments and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 – Key Performance Indicators

Development Cost Per Unit	\$49,654,022 / 92 units	\$539,718
Development Cost Per SQ FT (Gross)	\$49,654,022 / 78,499 square feet	\$633
Development Cost Per SQ FT (Net)	\$49,654,022 / 53,841 square feet	\$922
Housing Commission Subsidy Per Unit	\$1,383,000 / 92 units	\$15,033
Acquisition Cost Per Unit	\$1,358,000 / 92 units	\$14,761
Gross Building Square Foot Hard Cost	\$29,952,178 / 78,499 square feet	\$382
Net Rentable Square Foot Hard Cost	\$29,952,178 / 53,841 square feet	\$556

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.

These developments are similar in terms of new construction, target population, and construction type and are provided as a comparison to the subject development.

Table 5 – Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – 40th and Alpha Street	2025	92	\$49,654,022 (w/o prevailing wage & commercial space)	\$539,718	\$15,033	\$382
Modica	2023	94	\$58,165,819 (w/o prevailing wage)	\$618,785	\$31,915	\$378
Iris at San Ysidro	2023	100	\$66,209,153 (with prevailing wage)	\$622,902	\$23,000	\$348

AFFORDABLE HOUSING IMPACT

Affordability

The 40th and Alpha Street Apartments development will be subject to an SDHC Declaration of Covenants and Restrictions, in addition to applicable tax credit agreements, which will restrict affordability of 91 units for 55 years.

The rent and occupancy restrictions required by SDHC, CTCAC and other lenders and investors will apply. The same units may be counted as the tax credit restricted units and the SDHC 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 Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	Gross Rents
One-bedroom units	30% (currently \$39,700/year for a two-person household)	21	\$930
One-bedroom units	60% (currently \$79,380/year for a two-person household)	49	\$1,860
Subtotal One Bedroom Units	--	70	--
Two-bedroom units	30% (currently \$44,650/year for a three-person household)	7	\$1,116
Two-bedroom units	60% (currently \$89,340/year for a three-person household)	14	\$2,233
Subtotal Two Bedroom Units	--	21	--
Manager's two-bedroom unit	--	1	
Total Units	--	92	--

FISCAL CONSIDERATIONS

The funding sources and uses proposed to be approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2026 SDHC Budget.

Estimated funding sources proposed to be approved by this action:

- Community Development Block Grant (CDBG) funds – up to \$1,383,000
- Total Funding Sources – up to \$1,383,000

Estimated funding uses proposed to be approved by this action:

- SDHC Loan – up to \$1,383,000
- Total Funding Uses – up to \$1,383,000

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

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none">• Developer closes on the land acquisition• CDLAC 4 percent bond application• CDLAC 4 percent bond allocation meeting• Estimated loan closing• Start of construction work• Completion of construction work	<ul style="list-style-type: none">• March 2, 2026• May 2026• August 2026• February 2027• March 2027• January 2029

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Area No. 3 in SDHC’s Strategic Plan for Fiscal Year (FY) 2026-2030: Create and Preserve Housing.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On October 14, 2024, CHW presented the proposed development as an information item to the Southeastern San Diego Community Planning Group.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include CHW as the developer, CHW’s Achieve Resident Services as the service provider, SDHC as a lender, and Southcrest community. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 91 new, affordable, transit-oriented rental homes for working San Diego families.

STATEMENT FOR PUBLIC DISCLOSURE

The developer’s Disclosure Statement is at Attachment 5.

NONDISCRIMINATION ASSURANCE

At SDHC, we’re about people. We are committed to ensuring a compassionate, person-centered approach to SDHC’s programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

As part of the NOFA application, CHW included their compliance with federal and state nondiscrimination and equal opportunity regulations and submitted a workforce report for record-keeping purposes only.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Loan approval is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will

not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are loan approval and do not constitute approval of the development activity. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency.

National Environmental Policy Act

Federal funds constitute a portion of the funding for this project. The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development. The Environmental Assessment is in process.

Respectfully submitted,

Colin Miller

Colin Miller
Senior Vice President, Real Estate Development
Real Estate Division

Approved by,

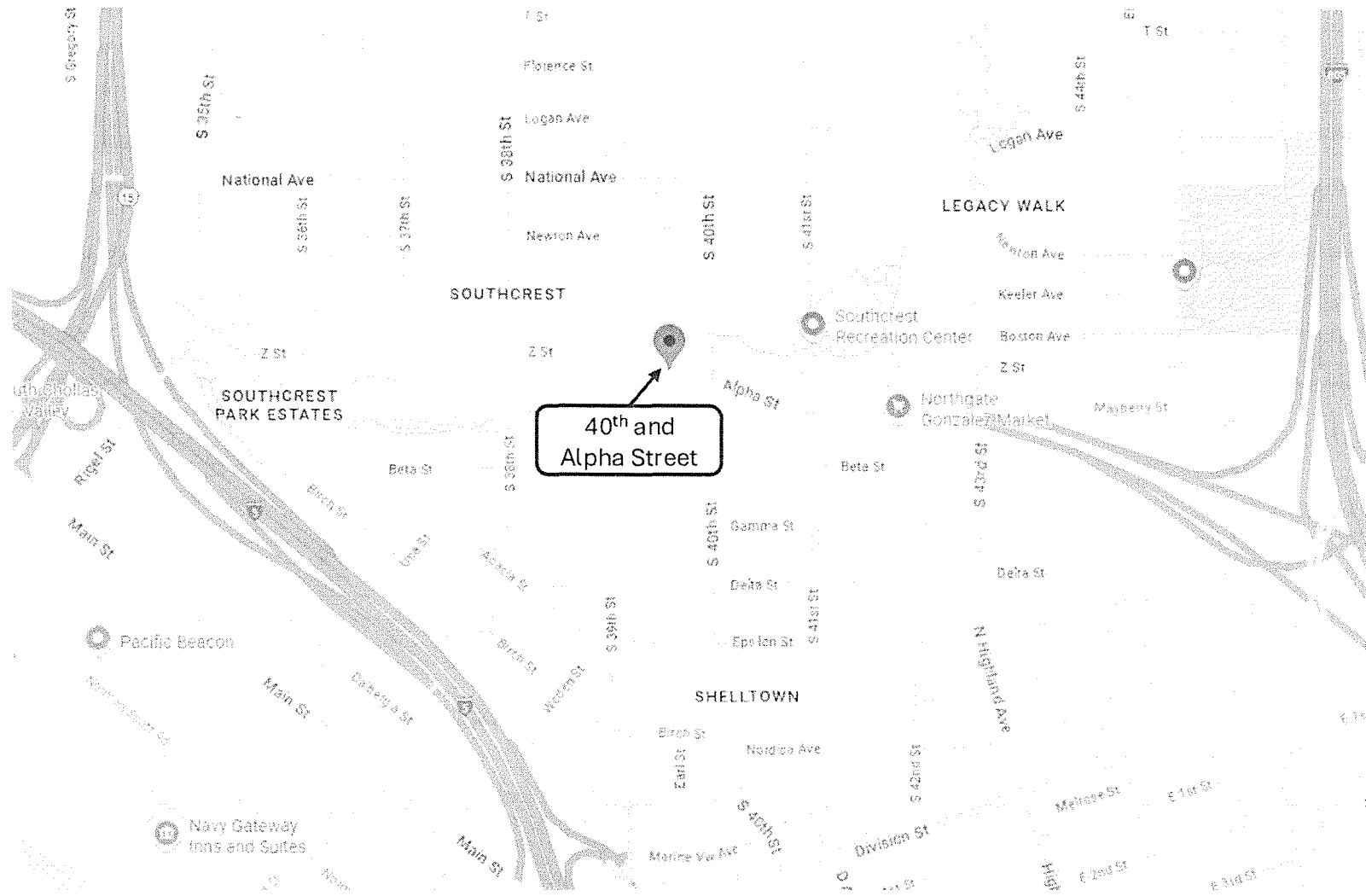
Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

- Attachments:
1. Site Map
 2. Organization Chart
 3. Developers' Project Pro Forma
 4. Proposed Loan Terms
 5. Developer's Disclosure Statement

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

Attachment #1 – Site Map



"40th & Alpha Apartments" – Organizational Chart
(LP Entity Structure Prior to Syndication)

Limited Partner (L.P.)
Alpha Street Housing Associates, L.P.
Tax ID: 33-3710735

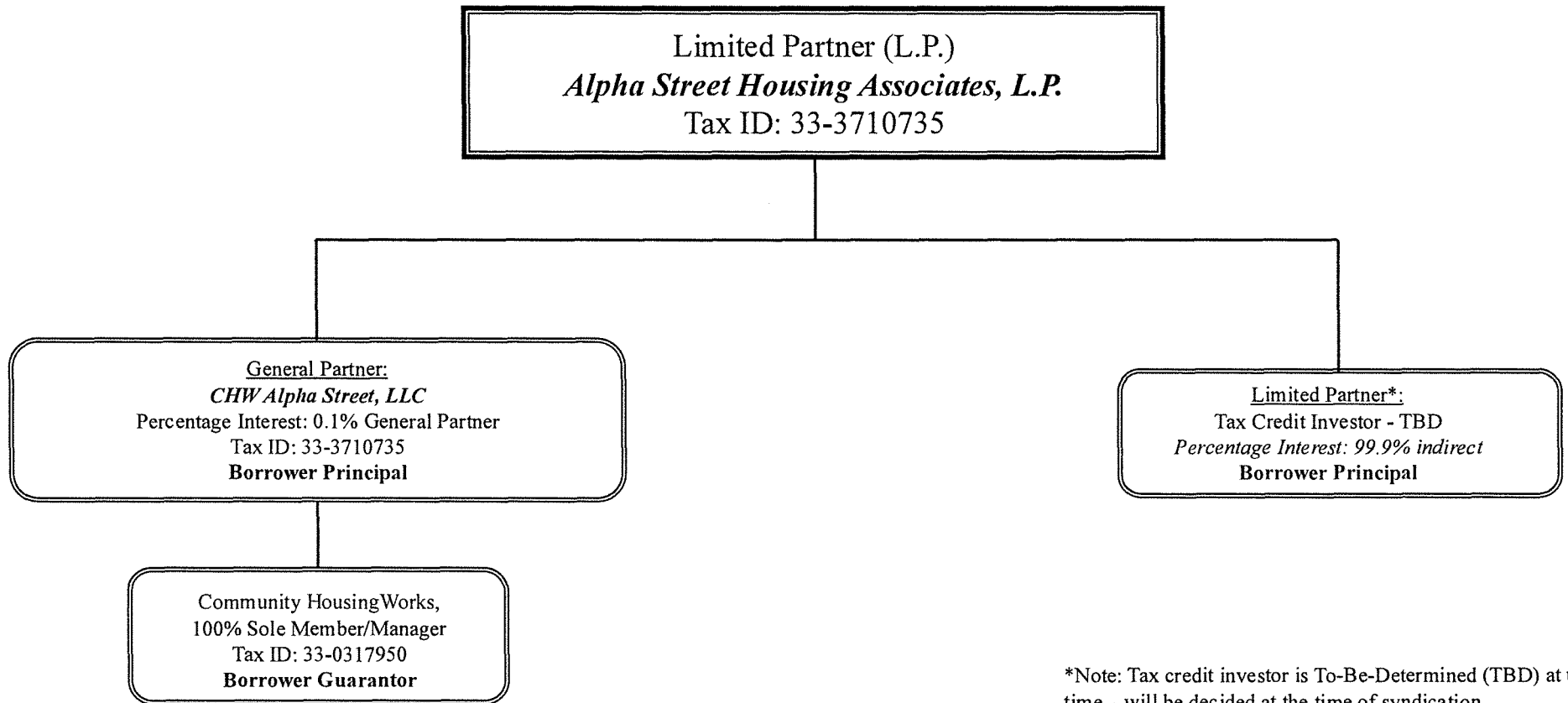
General Partner*:
CHW Alpha Street, LLC
Percentage Interest: 99.9%
Tax ID: 33-3710735

Community HousingWorks,
Sole Member/Manager
Tax ID: 33-0317950

Initial Limited Partner*:
Esperanza Housing and Community Development
Percentage Interest: 0.1%
Tax ID: 33-0515218

*Note: Esperanza is a wholly controlled affiliate 501(c)(3) corporation of Community HousingWorks (CHW). At the time of syndication, Esperanza Housing and Community Development Limited Partnership interest will be assumed by the tax credit investor and converted to a 99.9% partnership interest. At the time of syndication, Community HousingWorks will assume the General Partner interest, which will be converted to a 0.1% partnership interest.

"40th & Alpha Apartments" – Organizational Chart
(Post-Syndication)



*Note: Tax credit investor is To-Be-Determined (TBD) at this time – will be decided at the time of syndication

Prepared For: CHW
Prepared By: California Housing Partnership
Version: SDHC Application
Revised: 11/25/2025
Filename: CHW 40th and Alpha v11 Closing Draft 2025 11 25.xlsm

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SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
					<i>Total Permanent Debt: 8,604,034</i>
Tax Exempt Perm Loan	8,604,034	6.650%		40.0	Term - 17 (yrs.) Index - 10YT - 4.250% Spread - 220 bps
B Bonds	1,792,442	7.000%	3.394%	40.0	Term - 17 (yrs.) Per Unit: 19,463
SDHC, NOFA 26-01	1,383,000	3.000%	1.995%	55.0	Per 8 Units: 172,875
Accrued Deferred Interest - SDHC, NOFA 26-01	41,981				
Refund	140,953	0.000%	0.000%	55.0	Per Unit: 1,532
SD Economic Dev - Bridge To Home 2024	4,500,000	3.000%	1.788%	55.0	Per Unit: 48,913
Accrued Deferred Interest - SD Economic Dev - Bridge To Home 2024	122,211				
County of San Diego IHTF	2,617,000	3.000%	1.788%	55.0	Per Unit: 28,446
Accrued Deferred Interest - County of San Diego	95,190				
Deferred Developer Fee	3,467,440	0.000%	0.000%	Priority	818,138 Non-Priority 2,649,302
Capital Contributions					
GP Capital - Sponsor	100				<i>Total LP capital includes release of bond collateral funded during construction</i>
Limited Partners	26,889,671				<i>Spread Costs: 217,200</i> <i>Net Equity for TCAC: 26,672,471</i> <i>Fed LIHTC: \$0.85 State LIHTC: \$0.88</i>
TOTAL SOURCES	49,654,022				
<i>Surplus/Shortfall</i>	<i>0</i>				

PERMANENT LOAN INTEREST RATE	TRANCHE A	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Base Rate	6.450%	LIHTC Equity (Federal+State)	26,889,671
Cushion	0.200%	Total Investor Equity	26,889,671
Total	6.650%		Current AFR: 1.98%

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS
Tax-Exempt Construction Loan	14,185,011	6.450%	24	
Taxable Construction Loan	18,455,038	6.650%	24	
SDHC, NOFA 26-01	1,383,000	3.000%	24	
Accrued Deferred Interest - SDHC, NOI	41,981			
SD Economic Dev - Bridge To Home 202	4,500,000	3.000%	24	
Accrued Deferred Interest - SD Economic Dev	122,211			
County of San Diego IHTF	2,617,000	3.000%	24	
Accrued Deferred Interest - County of San Diego	95,190			
Costs Deferred Until Conversion	2,098,084			See page 2 - right column
Deferred Developer Fee	3,467,440			
Capital Contributions				
GP Capital - Sponsor	100			
Limited Partners*	2,688,967			<i>Total Equity During Const. 2,688,967 10.00%</i>
TOTAL SOURCES	49,654,022			<i>Syndication Costs 217,200</i>
<i>Surplus/Shortfall</i>	<i>0</i>			<i>Net Equity for TCAC 2,471,767</i>
Sources Less Deferred To Conversion:	47,555,938			

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: 10 Term SOFR	Restricted NOI	719,373
Current Index: 3.950%	OAR	5.00%
Spread: 2.000%	FMV per NOI	14,387,458
Base Interest Rate (not including cushl)	Agg. Credit Value @	0.8572
Cushion - Total	Perm-Only Soft Debt	1,933,395
Interest Rate (All-In)	Total Value	43,210,524
	LTV:	85.00%
	Max. Const. Loan Amount	38,728,948
	Commitment Amount	TBD
		25% Test (see Page 7): 30.00%
		25% Test Cushion: 2,364,168
		Issuer Inducement: TBD
		CDLAC Allocation: TBD
		Percent of CDLAC Allocator: 0.00%
		Constant-only portion: 5,580,977
		CDLAC Per-Unit Limit: 50,840,000
		CDLAC 30% Limit: 14,185,011
		25% Test Target: 30.00%
		Target Limit: 14,185,011

YEAR 18 REFINANCE (See detail on p. 11a)

2045 Net Remaining Income (NOI less Replacement Reser) \$ 912,475
 Cap Rate 5.50%
 2045 Property Value \$ 16,590,450
 Max Loan based on 85% LTV \$ 14,101,882

Max Loan based on Debt Coverage Ratio of 1.15

Rate 6.50%
 Payment \$ 793,456
 Term 480
 Max Loan based on Debt Coverage Ratio of 1.15 \$ 11,293,977

YEAR 18 REFINANCE (See detail on p. 12a)

Outstanding Hard Debt & B Bond Balances
 1st Lien O/S Balance \$ 7,208,801
 B-Bond O/S Balance \$ 3,804,641
 Total \$ 11,013,442

Proceeds in Excess of Perm TEB & B-Bonds \$ 280,535

40th & Alpha

Uses of Funds

Version: SDHC Application

	Res Cost:		100.00%	COST ALLOCATIONS				LIHTC ELIGIB		OTHER BASIS & COST ALLO	
	Res Sq Foot:		100.00%	Assuming 266 Election?				Constr./ Rehab	Deferred to Completion or Perm Conv.	Land/Basis for 50% Test	
	TOTAL	Per Unit	Total Residential	Depreciable Non- Depreciable	Residential	Expensed	Amortized				
ACQUISITION COSTS											
Total Purchase Price - Real Estate: 1,358,000											
Land - 40th & Alpha	1,358,000	14,761	1,358,000	1,358,000					0	1,358,000	
Legal - Acquisition	25,000	272	25,000	25,000	0				0	25,000	
Off-Site Improvements	556,187	6,046	556,187	0	556,187			556,187	0	556,187	
HARD COSTS											
Total Construction Contract: 29,952,178											
NEW CONSTRUCTION											
Demo/Ition	5,000	54	5,000	5,000	0			0	0	5,000	
Hard Costs-Unil Construction	16,998,540	184,767	16,998,540		16,998,540			16,998,540	0	16,998,540	
Site Improvements/Landscape	2,767,648	30,083	2,767,648		2,767,648			2,767,648	0	2,767,648	
GC - General Conditions	437,400	4,754	437,400		437,400			437,400	0	437,400	
GC - Overhead & Profit	2,965,762	32,237	2,965,762		2,965,762			2,965,762	0	2,965,762	
GC - Insurance	306,285	3,329	306,285		306,285			306,285	0	306,285	
GC - Bond Premium	374,348	4,069	374,348		374,348			374,348	0	374,348	
Construction - Other - PhotoVolatc System	300,000	3,261	300,000		300,000			300,000	0	300,000	
Construction - Other - Environmental Remu	200,000	2,174	200,000	200,000					0	200,000	
Construction - Parking	2,218,523	24,114	2,218,523		2,218,523			2,218,523	0	2,218,523	
Construction Community Serving Amenity	264,600	2,876	264,600		264,600			264,600	0	264,600	
Construction Community Serving Amenity	756,250	8,220	756,250		756,250			756,250	0	756,250	
Contingency - Design & Estimating 6.4%	1,801,635	19,583	1,801,635		1,801,635			1,801,635	0	1,801,635	
Contingency - Owner's Construction 5%	1,497,609	16,278	1,497,609		1,497,609			1,497,609	0	1,497,609	
REHAB											
SOFT COSTS											
Architecture - Design	1,412,000	15,348	1,412,000		1,412,000			1,412,000	0	1,412,000	
Design/Engineering - Energy Efficiency	30,075	327	30,075		30,075			30,075	0	30,075	
Design/Engineering - Civil	250,000	2,717	250,000		250,000			250,000	0	250,000	
Design/Engineering - SPECIFY	103,000	1,120	103,000		103,000			103,000	0	103,000	
Design/Engineering - Dry Utilities	41,550	452	41,550		41,550			41,550	0	41,550	
Design/Engineering - Other	92,274	1,003	92,274		92,274			92,274	0	92,274	
Geotech/Sols Report	36,000	391	36,000		36,000			36,000	0	36,000	
Phase I/II/Toxics Report	42,000	457	42,000		42,000			42,000	0	42,000	
ALTA Survey	68,000	739	68,000		68,000			68,000	0	68,000	
Prevailing Wage Monitor	323,670	3,518	323,670		323,670			323,670	0	323,670	
LEED / HERS Rater	54,800	596	54,800		54,800			54,800	0	54,800	
Owner's Rep / Construction Supervision	146,000	1,587	146,000		146,000			146,000	0	146,000	
Consultant: Entitlements	31,000	337	31,000		31,000			31,000	0	31,000	
Consultant: Archaeology/Biology	32,000	348	32,000		32,000			32,000	0	32,000	
Local Development Impact Fees	809,734	8,801	809,734		809,734			809,734	0	809,734	
Local Permits/Fees	1,884,703	20,486	1,884,703		1,884,703			1,884,703	0	1,884,703	
Utility Connection Fees	50,000	543	50,000		50,000			50,000	0	50,000	
Real Estate Taxes During Const	24,296	264	24,296		24,296	0		24,296	0	24,296	
Insurance During Const	510,130	5,545	510,130		510,130			510,130	0	510,130	
Appraisal	17,500	190	17,500		17,500			17,500	0	17,500	
Market/Rent Comp Study	25,000	272	25,000				25,000	0	0	0	
Soft Cost Contingency	261,937	2,847	261,937		261,937			261,937	0	261,937	
Predev. Loan Interest/Fees	95,042	1,033	95,042		95,042	0		95,042	0	95,042	
Construction Loan Interest	1,349,527	14,669	1,349,527		892,060	457,467		892,060	0	892,060	
Construction Loan Interest - Tail	1,145,443	12,450	1,145,443		531,813	613,630		531,813	0	531,813	
Lender Fees - B Bonds	40,000	435	40,000				40,000		0	0	
Accrued Interest - SDHC, NOFA 26-01	41,981	456	41,981		41,981	0		41,981	0	41,981	
Accrued Interest - SD Economic Dev - Brid	122,211	1,328	122,211		122,211	(0)		122,211	0	122,211	
Title/Recording/Escrow - Construction	55,000	598	55,000		55,000			55,000	0	55,000	
Title/Recording/Escrow - Permanent	10,000	109	10,000				10,000		0	0	
Legal (Owner): Construction Closing	60,000	652	60,000		60,000			60,000	0	60,000	
Permanent Closing	5,000	54	5,000				5,000		0	0	
Organization of Ptnshp	27,500	299	27,500				27,500		0	0	
Syndication - GP	60,000	652	60,000	60,000					0	0	
Other Contracts	55,000	598	55,000		55,000	0	0	55,000	0	0	
Syndication Consulting	85,000	924	85,000	85,000					5,000		
Audit/Cost Certification	44,700	488	44,700			44,700			0	0	
TCAC Application/Res/Monitoring Fee	89,690	975	89,690				89,690		64,400		
Marketing	12,487	136	12,487			12,487			0	0	
Furnishings Not in Contract	150,000	1,630	150,000		150,000			150,000	0	150,000	
Capitalized Replacement Reserve	27,600	300	27,600	27,600					27,600		
Capitalized Operating Reserve (3 mos.)	326,554	3,550	326,554	326,554					326,554		
Capitalized Reserve 1st Year Operating In	69,000	750	69,000	69,000					69,000		
Developer Fee	5,967,440	64,863	5,967,440		5,967,440			5,967,440	1,500,000	5,967,440	
COSTS OF ISSUANCE											
Bond Counsel	60,000	652	60,000		7,457		52,543	7,457	0	7,457	
Issuer Application Fee	5,000	54	5,000		0		5,000	0	0	0	
Issuer Fee - Upfront	5,382	59	5,382		669		4,713	669	0	669	
Issuer Fee - Annual During Const.	32,640	355	32,640		4,056		28,584	4,056	0	4,056	
Construction Lender Origination Fee	290,938	3,162	290,938		166,471		124,467	166,471	0	166,471	
Construction Lender Expenses	30,000	326	30,000		17,166		12,834	17,166	0	17,166	
Construction Lender Counsel	75,000	815	75,000		42,914		32,086	42,914	0	42,914	
Permanent Lender Expenses	11,000	120	11,000		0		11,000	0	11,000	0	
Permanent Lender Counsel	30,000	326	30,000		0		30,000	0	30,000	0	
Permanent Loan Origination Fee	64,530	701	64,530		0		64,530	0	64,530	0	
Trustee Fee During Construction	15,000	163	15,000		1,864		13,136	1,864	0	1,864	
CDLAC Fee	6,165	67	6,165		766		5,399	766	0	766	
CDIAC Fee	3,546	39	3,546		441		3,105	441	0	441	
COI Contingency	12,000	130	12,000		1,491		10,509	1,491	0	1,491	
Subtotal - Financing/Costs of Issuance	641,201	6,970	641,201	0	243,295	0	397,906	243,295	105,530	243,295	
TOTAL DEVELOPMENT COSTS											
TDC Per Unit	49,654,022	539,718	49,654,022	2,156,154	45,750,371	1,152,401	595,096	45,750,371	2,098,084	47,283,371	
TDC Net of accrued interest:	49,394,640		100.00%								
TDC TCAC	49,436,822		49,436,822								

Developer Fee Calculation

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TCAC DEVELOPER FEE LIMITS

	CONSTRUCTION	TOTAL
Eligible Basis less Developer Fee	39,782,931	
Percentage of Basis in Fee	15.00%	
Total Developer Fee per Basis Limits	5,967,440	5,967,440
Developer Fee Cap per Regulations		5,967,440
Net Allowable Total Fee		5,967,440
Base Cash Developer Fee Limit		2,500,000
Large Project Boost		818,138
BIPOC Boost		0
Total Base Cash Fee Limit		3,318,138
Net Allowable Total Fee		5,967,440
Net Allowable Cash Fee		3,318,138
Fee Included in TCAC Application		0

OTHER APPLICABLE FEE LIMITS

	CASH FEE LIMIT	PRIORITY DDF LIMIT	TOTAL FEE LIMIT
Fee Limit per Local 1	2,500,000	818,138	5,967,440

MOST RESTRICTIVE FEE LIMITS

Total Developer Fee Limit	5,967,440
Total Cash Fee Limit	2,500,000
Total Priority Deferred Fee Limit	818,138

ALLOCATION OF DEVELOPER FEE

	CONSTRUCTION	TOTAL
Pct. of Potential Fee per Basis Limits	100.00%	100.00%
Allocation of Total Developer Fee	5,967,440	5,967,440

CASH DEVELOPER FEE BREAKOUT AND PAYMENT SCHEDULE

Total Developer Fee	5,967,440		
Total Cash Fee Paid	2,500,000		
Non-Cash Fee per Program Limits	3,467,440		
Non-Cash Fee per Funding Gap	0		
Total Non-Cash Fee	3,467,440		
	AMOUNT	% OF CASH FEE	% OF TOTAL FEE
Construction Close	1,000,000	40.00%	16.76%
Conversion	1,250,000	50.00%	20.95%
Final LP Pay-in 1	250,000	10.00%	4.19%
Total Cash Fee	2,500,000		
Plus: Priority Developer Fee	818,138		13.71%
Plus: Non-Priority DDF	2,649,302		44.40%
Total Developer Fee	5,967,440		



Unit Mix & Rental Income

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AVERAGE AFFORDABILITY FOR
LIHTC UNITS (% of Median) 50.77%

9% TCAC INCOME TARGETING PTS: 45.00

RENT LIMITS AS OF YEAR: 2025

UTILITY ALLOWANCES		1BR	2BR
40th & Alpha		86	114

RESIDENTIAL INCOME

LIHTC - Tier 1 40th & Alpha HCD H&S 30% AMI % of Units: 30.77%														
Unit Type	Quantity	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HCD H&S AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent			Total Annual Income		
1BR	21	460	25.3%	30.0%	785	699	699	14,679	176,148			176,148		
2BR	7	700	23.7%	30.0%	883	769	769	5,383	64,596			64,596		
TOTAL	28							20,062	240,744			240,744		

* 30% of units restricted to 30% H&S AMI, per SB 341. However AB 846, allows LIHTC rents to satisfy.

LIHTC - Tier 3				40th & Alpha		HCD H&S		60% AMI		% of Units: 50.55%		Income Targeting						
Unit Type	Quantity	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HCD H&S AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Section 8 Income	Section 8 Income	Section 8 Income	Section 8 Income	Section 8 Income	Section 8 Income	Total Annual Income	Total Floor Area	
1BR	39	460	50.6%	60.0%	1,569	1,484	1,483	57,837	694,044							694,044		
2BR	7	700	47.4%	60.0%	1,765	1,651	1,651	11,557	138,684							138,684		
TOTAL	46							69,394	832,728							832,728		

* Units restricted to 60% H&S AMI minus \$1. However AB 846, allows LIHTC rents to satisfy.

LIHTC - Tier 4			40th & Alpha		TCAC		60% AMI		% of Units: 18.68%							
Unit Type	Quantity	Unit Floor	Area	Actual Rent TCAC AMI %	Actual Rent HCD HAS AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Section 8 Income	Section 8 Income	Section 8 Income	Section 8 Income	Section 8 Income	Total Annual Income
1BR	10	460	60.0%	71.1%		1,860	1,774	1,774	17,740	212,880						212,880
2BR	7	700	60.0%	75.9%		2,233	2,119	2,119	14,833	177,996						177,996
TOTAL	17								32,573	390,876						390,876

Staff Units - Site 1 40th & Alpha												
Unit		Unit Floor	Actual Rent TCAC	Actual Rent HCD HAS	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Total Annual Net Rent		
Type	Quantity	Area	AMI %	AMI %								
2BR	1	700	0.0%	0.0%	0	0	0	0	0	0		
TOTAL	1							0	0	0		

TOTAL RESIDENTIAL INCOME													
	Quantity	Total Monthly Net Rent	Total Annual Net Rent	Monthly Section 8 Income	Annual Section 8 Income	Monthly NA Income	Annual NA Income	Monthly Test C Income	Annual Test C Income	Monthly Test D Income	Annual Test D Income	Grand Total Income	Total Floor Area
LIHTC	91	122,029	1,464,348	0	0	0	0	0	0	0	0	1,464,348	46,900
Staff Units	1	0	0	0	0	0	0	0	0	0	0	0	700
TOTAL	92	122,029	1,464,348	0	0	0	0	0	0	0	0	1,464,348	47,600

Calculation of Tax Credits

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	FEDERAL		CALIFORNIA	
	CONST/ REHAB	TOTAL	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	45,750,371	45,750,371	45,750,371	45,750,371
Less:				
Voluntary Reduction for Tie-Breaker	0	0	(20,482,571)	(20,482,571)
ELIGIBLE BASIS	45,750,371	45,750,371	25,267,800	25,267,800
Threshold Basis Limit		75,346,334		
TBL: Exclude GP Cap/DDF for 4%/State		3,467,440		
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	45,750,371	45,750,371	25,267,800	25,267,800
HIGH COST ADJUSTMENT (Y or N) Y DDA 2018	130.0%		100.0%	
ADJUSTED ELIGIBLE BASIS	59,475,482	59,475,482	25,267,800	25,267,800
APPLICABLE FRACTION*	100.0%		100.0%	
QUALIFIED CREDIT BASIS	59,475,482	59,475,482	25,267,800	25,267,800
CREDIT RATE (TCAC UNDERWRITING) Total State Annual Federal / Yr 1-3 State Yr 4 State	4.00%		30.00% 9.00% 3.00%	
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING Annual Federal / Yr 1 State Yr 2 State Yr 3 State Total	2,379,019 3,462,807 0 7,580,340	2,379,019 3,462,807 0 7,580,340	4,117,533 3,462,807 0 7,580,340	4,117,533 3,462,807 0 7,580,340
MAX ANNUAL FEDERAL PER PROJECT/STATE PER UNIT ALLOCATION		N/A		18,400,000
MAXIMUM ALLOWABLE CREDITS (Lesser of above) Annual Federal / Total State	2,379,019	2,379,019	7,580,340	7,580,340
UNADJUSTED ELIGIBLE BASIS AT MAX CREDIT AMOUNT	45,750,365	45,750,365	25,267,800	25,267,800
UNADJUSTED BASIS EXCLUDED AT MAX CREDIT AMOUNT	6	6	20,482,571	20,482,571
MAXIMUM ALLOWABLE - TEN YEAR TOTAL		23,790,190		7,580,340



Base Year Income & Expense

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INCOME		
Scheduled Gross Income - Residential		1,464,348
Total Gross Subsidy Income - Section 8		0
Misc. Income		9,384
Vacancy Loss - Residential	5.0%	(73,687)
Vacancy Loss - Section 8	5.0%	0
EFFECTIVE GROSS INCOME		1,400,045
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	1,600	
Legal	2,000	
Accounting/Audit	16,000	
Other: Misc. Admin	<u>13,288</u>	
Total Administrative		32,888
Management Fee		60,720
Utilities		
Gas	16,000	
Electricity	22,264	
Water/Sewer	28,000	
Total Utilities		66,264
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	80,000	
Maintenance Payroll	70,000	
Payroll Taxes/Benefits	<u>21,944</u>	
Total Payroll/Payroll Taxes		171,944
Insurance		144,740
Maintenance		
Painting	4,000	
Repairs	46,750	
Trash Removal	28,634	
Exterminating	4,800	
Grounds	9,000	
Elevator	12,000	
Total Maintenance		105,184
Other		
Bond Issuer & Trustee Fee	10,000	
SDHC Monitoring Fee	14,333	
SD City and County Monitoring Fees	<u>4,000</u>	
Total Other		28,333
Resident Services		
Tenant Services	<u>40,000</u>	
Total Resident Services		40,000
Replacement Reserve		27,600
Real Estate Taxes		3,000
TOTAL EXPENSES - RESIDENTIAL		680,673
Per Unit Per Annum (incl. Reserves)	7,399	
Per Unit Per Annum (w/o taxes/res/svc)	6,631	
TCAC Minimum (w/o taxes/res/svc)	4,700	
NET AVAILABLE INCOME		719,373
ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY		719,373
Mandatory Soft Debt Payments:		
B Bonds	0	
County of San Diego IHTF	<u>0</u>	
TOTAL MANDATORY SOFT DEBT PAYMENTS		10,000
Debt Service Coverage Ratio		1.15
Mandatory Soft Debt Payments Grossed Up for DCR Factor		11,500
AVAILABLE FOR SENIOR DEBT SERVICE (NET OF OP SUBSIDY)		615,542
AVAILABLE FOR SENIOR DEBT SERVICE (OP SUBSIDY OVERHANG)		0
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		93,831
NET AVAILABLE COMMERCIAL ONLY INCOME		0



Mortgage Calculation/Bond Ratios

Version: SDHC Application

TRANCHE A

Uses baseline year NOI; includes annual fees
 Financing Type: Tax Exempt Perm Loan

	Underwriting Constraint	Maximum Loan Amount		
Debt Service Coverage	1.15	8,604,034	Rate:	6.650%
Lender Commitment		0	Amortization (mos):	480
			NOI for DS:	<u>707,873</u>
MAXIMUM MORTGAGE		8,604,034	Max PMT @ DSCR:	615,542
			Annual Fees:	<u>0</u>
			Annual DS Payment:	615,542

BOND / REHABILITATION RATIOS

Tax-Exempt Financing Ratio		CDLAC Allocation Limit	Effective Date Limits: 6/1/20		
			Units	Per-Unit Limit	Total Limit
Series A Bonds	8,604,034	One BR	70	544,000	38,080,000
Short Term Bonds (Construction Loan Portion)	<u>5,580,977</u>	Two BR	22	580,000	12,760,000
TOTAL TAX-EXEMPT FINANCING	14,185,011	Four BR or More	0	671,000	0
				TOTAL	50,840,000
TOTAL BASIS + LAND ALLOCATION	47,283,371			Potential Bond Size	14,185,011
				Over/(Under)	-36,654,989
Percent Tax-Exempt Financing	30.00%				

Calculation of Net Syndication Proceeds

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			As of Closing
Total Federal Credit (10 yr) & State Credit		31,370,530	0
<i>Total Federal Credit</i>	23,790,190		0
<i>Total State Credit</i>	7,580,340		0
Gross Proceeds (Total)		26,889,671	0
<i>Gross Proceeds - Federal Credit</i>	20,219,639		0
<i>Gross Proceeds - State Credit</i>	6,670,032		0
Gross Proceeds (net of Energy/Historic Credit Proceeds)		26,889,671	0
Less: LP Syndication Costs			
Attorney	87,500		
Accountant	44,700		
Consulting	85,000		
Other:			
Total Syndication Costs		217,200	0
Total Syndication Costs/Gross Proceeds		0.81% (Syndication Load)	0.00000%
Net Proceeds		26,672,471	0
Net Proceeds/Total Fed and State Credit		0.850240	tax credit price
Gross Proceeds (Total)/Total Fed and State Credit		0.857163	tax credit price
Gross Proceeds - Federal/State Disaggregated			
Federal		0.850000	tax credit price
State		0.880000	tax credit price
Net Proceeds - Federal/State Disaggregated			
Federal		0.843050	tax credit price
State		0.872805	tax credit price
Total Equity			
Gross Proceeds from LIHTC	26,889,671		
Gross Proceeds from Energy Credits	0		
Gross Proceeds from Historic Credit	0		
Total Equity	26,889,671		



TCAC Calculations & Scoring

Version: SDHC Application

THRESHOLD BASIS LIMIT

County: San Diego			TCAC Project #:		
9% or 4% credits: 4%			CDLAC Project #:		
Year: 2025					
Base Limits for Geographic Region			Threshold Basis Limit for This Project		
Unit Type	9%	4%	Unit Type	# Units	Per Unit Basis Limit
1 BR	407,205	407,205	1 BR	70	407,205
2 BR	491,200	491,200	2 BR	22	491,200
				92	
					Total
					28,504,350
					10,806,400
					39,310,750
Energy/Resource Efficiency Boosts			Additional Basis Adjustments		
Renewables (50% tot./90% area)	0%		Boost for Prevailing Wage	0.0%	0
Renewables (75% CA/90% area)	0%		Boost for Project Labor Agreement	0.0%	0
Title 24 + 15%	0%		Boost for Parking beneath Units	10.0%	3,931,075
Post-rehab improvement > 80%	0%		Boost for Childcare	2.0%	786,215
Greywater landscaping	0%		Boost for 100% Special Needs	0.0%	0
Community gardens > 60 s.f.	0%		Boost for elevator service	10.0%	3,931,075
Natural flooring kitchens	0%		Boost for Type I construction	0.0%	0
Natural flooring common area	0%		Boost for Type III construction	0.0%	0
EPA Indoor Air Plus Program met	0%		Subtotal Basic Boosts	22.0%	8,648,365
Subtotal Efficiency (Max 10%)	0%		Boost for Energy / Resource Efficiency	0.0%	0
			Toxic/Seismic Abatement Costs	0.0%	0
			Local Development Impact Fees		809,734
			High Opportunity Area	0.0%	0
			BONDS: Boost for units ≤ 50% AMI (excl. CA credit project)	1.0%	2,991,035
			BONDS: Boost for units ≤ 35% AMI (excl. CA credit project)	2.0%	23,586,450
			Total Threshold Basis Limit Boosts		36,035,584
			Total Threshold Basis Limit		75,346,334
			Potential Eligible Basis		45,750,371
			Eligible Basis Surplus/(Deficit)		29,595,963

TCAC HIGH COST TEST

	Federal Credit	CA State Credit	HCD 2017 UMR
Total Eligible Basis	45,750,371	43,101,069	45,750,371
Total Adjusted TBL	75,346,334	48,768,849	48,768,849
Percentage of ATBL	60.72%	85.38%	93.81%
Amount Over/(Under) 130% Limit (160% Limit for HCD)	(52,199,864)	(20,298,435)	(32,279,787)

TCAC POINTS

Lowest Income Points

Rural Project?	N			
Number of Targeted Tax Credit Units	Percent of Area Median Income (AMI) (30% - 55%)	Percentage of Units to Total Units (before rounding down)	Percent of Income Targeted Units to Total Tax Credit Units (exclusive of mgr units)	Points Earned
28	30	30.77	30	45
0	35	0.00	0	0
0	40	0.00	0	0
0	45	0.00	0	0
0	50	0.00	0	0
28				
Total Lowest Income Points (No Cap)				45
Total Lowest Income Actual Points				45

Lowest Income Bonus Points

Total @ 30% AMI Required for Points 10

Bedroom Selection	Total Number of Tax Credit Units per Bedroom Size	Number of Targeted Tax Credit Units @ 30% AMI	Percentage of Units to Total Units (by bedroom size)	10% by Unit Type	Minimum Units Required at / below 30% AMI	
2 BR	21	7	0.3333	3.0000	3.0000	Pass
1 BR	70	21	0.3000	7.0000	3.0000	Pass
SRO	0	0	0.0000	0.0000	0.0000	Pass
Total	91	28				

Total Lowest Income Bonus Points 2

TCAC Cash Flow																	SDHC Application									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15										
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		1,464,348	1,500,957	1,538,481	1,576,943	1,616,366	1,656,775	1,698,195	1,740,650	1,784,166	1,828,770	1,874,489	1,921,351	1,969,385	2,018,620	2,069,085									
Less Vacancy	5.00%		(73,217)	(75,048)	(76,924)	(78,847)	(80,818)	(82,839)	(84,910)	(87,032)	(89,209)	(91,438)	(93,714)	(95,068)	(98,469)	(100,931)	(103,454)									
Miscellaneous Income	1.025		9,384	9,619	9,859	10,106	10,358	10,617	10,883	11,155	11,433	11,719	12,012	12,313	12,620	12,936	13,259									
Less Vacancy	5.00%		(460)	(481)	(493)	(505)	(518)	(531)	(544)	(558)	(572)	(586)	(601)	(615)	(631)	(647)	(663)									
Total Revenue			1,400,045	1,435,047	1,470,923	1,507,696	1,545,388	1,584,023	1,623,023	1,664,214	1,705,819	1,748,465	1,792,176	1,836,981	1,882,905	1,929,978	1,978,227									
EXPENSES																										
Operating Expenses:		1.035																								
Administrative			32,888	34,039	35,230	36,464	37,740	39,061	40,428	41,843	43,307	44,823	46,392	48,015	49,696	51,435	53,236									
Management			60,720	62,845	65,045	67,321	69,678	72,116	74,640	77,253	79,957	82,755	85,652	88,649	91,752	94,963	98,287									
Utilities			66,264	68,583	70,984	73,468	76,039	78,701	81,455	84,306	87,257	90,311	93,472	96,743	100,129	103,634	107,261									
Payroll & Payroll Taxes			171,944	177,962	184,191	190,637	197,310	204,216	211,363	218,761	226,417	234,342	242,544	251,033	259,819	268,913	278,325									
Insurance			144,740	149,806	155,049	160,476	166,092	171,906	177,922	184,150	190,595	197,266	204,170	211,316	218,712	226,367	234,290									
Maintenance			105,184	108,865	112,676	116,619	120,701	124,926	129,298	133,823	138,507	143,355	148,372	153,565	158,940	164,503	170,261									
Other			28,333	29,324	30,350	31,413	32,512	33,650	34,828	36,047	37,308	38,614	39,966	41,365	42,812	44,311	45,862									
Total Operating Expenses			610,073	631,425	653,525	676,398	700,072	724,575	749,935	776,183	803,349	831,466	860,568	890,687	921,861	954,127	987,521									
Service Amenities	1.035		40,000	41,400	42,849	44,349	45,901	47,507	49,170	50,891	52,672	54,516	56,424	58,399	60,443	62,558	64,748									
Replacement Reserve			27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600									
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									
Total Expenses			680,673	703,485	727,095	751,531	776,820	802,994	830,084	858,120	887,136	917,167	948,248	980,416	1,013,709	1,048,166	1,083,827									
Cash Flow Prior to Debt Service			719,373	731,561	743,828	756,165	768,568	781,028	793,540	806,094	818,683	831,297	843,928	856,565	869,197	881,812	894,400									
MUST PAY DEBT SERVICE																										
Mandatory Annual Soft Loan Payments			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			615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542									
Total Debt Service			625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542	625,542									
Cash Flow After Debt Service			93,831	106,020	118,286	130,623	143,026	155,487	167,998	180,553	193,141	205,756	218,386	231,023	243,655	256,271	268,859									
Percent of Gross Revenue			6.37%	7.02%	7.64%	8.23%	8.79%	9.33%	9.83%	10.31%	10.76%	11.18%	11.58%	11.95%	12.29%	12.61%	12.91%									
25% Debt Service Test			15.00%	16.95%	18.91%	20.88%	22.86%	24.86%	26.86%	28.86%	30.88%	32.89%	34.91%	36.93%	38.95%	40.97%	42.98%									
Debt Coverage Ratio			1.150	1.169	1.189	1.209	1.229	1.249	1.269	1.289	1.309	1.329	1.349	1.369	1.390	1.410	1.430									
Year 15 Test - Greater of: (a) 2% Gross Income OR (b) lesser of \$25,000 or \$500/unit																										
OTHER FEES																										
LP Asset Mgt. Fee	1.030		7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693	11,014	11,344									
GP Partnership Mgt. Fee	1.030		20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252									
(link to additional fees on 11a)																										
Total Other Fees	1.000		27,500	28,325	29,175	30,050	30,951	31,880	32,836	33,822	34,836	35,881	36,958	38,066	39,208	40,385	41,596									
Remaining Cash Flow			66,331	77,695	89,111	100,574	112,075	123,607	135,162	146,731	158,305	169,875	181,429	192,957	204,446	215,886	227,262									
Deferred Developer Fee	100.00%		66,331	77,695	89,111	100,574	112,075	123,607	135,162	146,731	158,305	169,875	181,429	192,957	204,446	215,886	227,262									
Residual or Soft Loan Payments																										
B Bonds	17.42%		0	0	0	0	0	0	0	2,886	13,785	14,792	15,798	16,802	17,802	18,798	19,789									
SDHC, NOFA 26-01	13.44%		0	0	0	0	0	0	0	2,227	10,636	11,413	12,189	12,964	13,736	14,504	15,269									
SD Economic Dev - Bridge To Home 202	43.72%		0	0	0	0	0	0	0	7,246	34,607	37,136	39,662	42,182	44,693	47,194	49,681									
Total Residual Soft Loan Payments			0	0	0	0	0	0	0	16,573	79,153	84,937	90,714	96,478	102,223	107,943	113,631									
Non-Priority Developer Fee									0	16,573	79,153	84,937	90,714	96,478	102,223	107,943	113,631									

40th & Alpha

TCAC Cash Flow		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
		YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25	YEAR 26	YEAR 27	YEAR 28	YEAR 29	YEAR 30
REVENUE	MULTIPLIER															
Gross Rent	1.025	2,120,813	2,173,833	2,228,178	2,283,883	2,340,980	2,399,505	2,459,492	2,520,980	2,584,004	2,648,604	2,714,819	2,782,690	2,852,257	2,923,563	2,996,653
Less Vacancy	5.00%	(106,041)	(108,602)	(111,409)	(114,194)	(117,049)	(119,975)	(122,975)	(126,049)	(129,209)	(132,430)	(135,741)	(139,134)	(142,613)	(146,178)	(149,833)
Miscellaneous Income	1.025	13,591	13,931	14,279	14,636	15,002	15,377	15,761	16,155	16,559	16,973	17,397	17,832	18,278	18,735	19,203
Less Vacancy	5.00%	(680)	(697)	(714)	(732)	(750)	(769)	(788)	(808)	(828)	(848)	(869)	(892)	(914)	(937)	(960)
Total Revenue		2,027,683	2,078,375	2,130,335	2,183,593	2,238,183	2,294,137	2,351,491	2,410,278	2,470,535	2,532,298	2,595,606	2,660,496	2,727,008	2,795,184	2,865,063
EXPENSES																
Operating Expenses:	1.035															
Administrative		55,099	57,027	59,023	61,089	63,227	65,440	67,731	70,101	72,555	75,094	77,722	80,443	83,258	86,172	89,188
Management		101,727	105,288	108,973	112,787	116,734	120,820	125,049	129,425	133,955	138,644	143,496	148,519	153,717	159,097	164,665
Utilities		111,015	114,901	118,922	123,085	127,393	131,851	136,466	141,242	146,186	151,302	156,598	162,079	167,752	173,623	179,700
Payroll & Payroll Taxes		288,066	298,148	308,584	319,384	330,563	342,132	354,107	366,501	379,328	392,605	406,346	420,568	435,288	450,523	466,291
Insurance		242,490	250,977	259,761	268,853	278,263	288,002	298,082	308,515	319,313	330,489	342,056	354,028	366,419	379,244	392,517
Maintenance		176,220	182,388	188,771	195,378	202,216	209,294	216,619	224,201	232,048	240,170	248,576	257,276	266,280	275,600	285,246
Other		47,467	49,128	50,848	52,627	54,469	56,376	58,349	60,391	62,505	64,692	66,957	69,300	71,728	74,236	76,834
Total Operating Expenses		1,022,084	1,057,857	1,094,882	1,133,203	1,172,865	1,213,915	1,256,403	1,300,377	1,345,890	1,392,996	1,441,751	1,492,212	1,544,439	1,598,495	1,654,442
Service Amenities	1.035	67,014	69,359	71,787	74,300	76,900	79,592	82,377	85,260	88,245	91,333	94,530	97,838	101,263	104,807	108,475
Replacement Reserve		27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
Real Estate Taxes	1.020	4,038	4,118	4,201	4,285	4,370	4,459	4,547	4,638	4,731	4,825	4,922	5,020	5,121	5,223	5,328
Total Expenses		1,120,736	1,158,935	1,198,470	1,239,387	1,281,736	1,325,565	1,370,927	1,417,875	1,466,465	1,516,754	1,568,802	1,622,671	1,678,423	1,736,125	1,795,845
Cash Flow Prior to Debt Service		906,947	919,440	931,865	944,206	956,447	968,573	980,564	992,403	1,004,070	1,015,544	1,026,804	1,037,825	1,048,586	1,059,059	1,069,218
MUST PAY DEBT SERVICE																
Mandatory Annual Soft Loan Payments		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		615,542	615,542	793,456	793,456	793,456	793,456	793,456	793,456	793,456	793,456	793,456	793,456	793,456	793,456	793,456
Total Debt Service		625,542	625,542	803,456	803,456	803,456	803,456	803,456	803,456	803,456	803,456	803,456	803,456	803,456	803,456	803,456
Cash Flow After Debt Service		281,406	293,898	128,408	140,749	152,991	165,116	177,108	188,947	200,614	212,088	223,347	234,369	245,129	255,603	265,762
Percent of Gross Revenue		13.18%	13.43%	5.73%	6.12%	6.49%	6.84%	7.16%	7.45%	7.71%	7.96%	8.17%	8.37%	8.54%	8.69%	8.81%
25% Debt Service Test		44.99%	46.98%	15.98%	17.52%	19.04%	20.55%	22.04%	23.52%	24.97%	26.40%	27.80%	29.17%	30.51%	31.81%	33.08%
Debt Coverage Ratio		1.450	1.470	1.160	1.175	1.190	1.206	1.220	1.235	1.250	1.264	1.278	1.292	1.305	1.318	1.331
Year 15 Test - Greater of: (a) 2% Gross Income OR																
OTHER FEES																
LP Asset Mgt. Fee	1.030	11,685	12,035	12,396	12,768	13,151	13,546	13,952	14,371	14,802	15,246	15,703	16,174	16,660	17,159	17,674
GP Partnership Mgt. Fee	1.030	31,159	32,094	33,057	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876	43,132	44,426	45,759	47,131
(link to additional fees on 11a)	1.000															
	1.000															
	1.000															
Total Other Fees		42,844	44,129	45,453	46,817	48,221	49,668	51,158	52,693	54,274	55,902	57,579	59,306	61,085	62,918	64,806
Remaining Cash Flow		238,562	249,769	82,955	93,932	104,769	115,448	125,950	136,254	146,340	156,186	165,768	175,063	184,044	192,685	200,957
Deferred Developer Fee	100.00%															
Residual or Soft Loan Payments	50.00%															
B Bonds	17.42%	20,773	21,749	7,223	8,179	9,123	10,053	10,967	11,864	12,743	13,600	14,434	15,244	16,026	16,778	17,498
SDHC, NOFA 26-01	13.44%	16,028	16,781	5,573	6,311	7,039	7,756	8,462	9,154	9,832	10,493	11,137	11,762	12,366	12,946	13,501
SD Economic Dev - Bridge To Home 202	43.72%	52,151	54,601	18,135	20,534	22,903	25,238	27,533	29,786	31,991	34,143	36,238	38,270	40,233	42,122	43,931
Total Residual Soft Loan Payments		119,281	124,885	41,478	46,966	52,385	57,724	62,975	68,127	73,170	78,093	82,884	87,531	92,022	96,342	100,478
Non-Priority Developer Fee		119,281	124,885	41,478	46,966	52,385	57,724	62,975	68,127	73,170	78,093	82,884	87,531	92,022	96,342	100,478

Variations: SONG Application[illegible]

Version: SDHC Application

 California Housing Partnership Corporation

Schedule of Outstanding Debt and Reserves - Book Basis

Version: SDMC Application

Credit Period Year:		(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
RESERVE BALANCES																					
Capitalized Replacement Reserve																					
		Deed-Secured? Y																			
Previous Balance		0	0	27,600	34,677	61,656	91,518	122,837	155,667	190,065	226,089	263,800	303,262	344,538	387,696	432,605	479,937	529,165	580,568	634,223	690,212
Deposit to Reserve		0	0	6,525	26,285	28,639	29,489	30,373	31,284	32,223	33,190	34,185	35,211	36,267	37,355	38,476	39,630	40,819	42,044	43,305	44,604
Interest on Reserve	2.0%	0	0	552	894	1,233	1,830	2,457	3,113	3,801	4,522	5,276	6,065	6,891	7,754	8,656	9,599	10,583	11,611	12,684	13,804
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		27,600	0	0	34,677	61,656	91,518	122,837	155,667	190,065	226,089	263,800	303,262	344,538	387,696	432,605	479,937	529,165	580,568	634,223	690,212
Capitalized Operating Reserve (3 mos.)																					
		Deed-Secured? N																			
Previous Balance		0	0	326,554	333,085	339,746	346,541	353,472	360,541	367,752	375,107	382,610	390,262	398,067	406,028	414,149	422,432	430,880	439,498	448,288	457,254
Deposit to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	2.0%	0	0	6,531	6,862	6,795	6,931	7,069	7,211	7,355	7,502	7,652	7,805	7,961	8,121	8,283	8,449	8,618	8,790	8,966	9,145
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		326,554	0	0	333,085	339,746	346,541	353,472	360,541	367,752	375,107	382,610	390,262	398,067	406,028	414,149	422,432	430,880	439,498	448,288	457,254
Capitalized Reserve 1st Year Operating Insurance																					
		Deed-Secured? N																			
Previous Balance		0	0	69,000	70,380	71,768	73,223	74,688	76,162	77,705	79,259	80,844	82,461	84,111	85,793	87,509	89,259	91,044	92,865	94,722	96,617
Deposit to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	2.0%	0	0	1,380	1,408	1,436	1,464	1,494	1,524	1,554	1,585	1,617	1,649	1,682	1,716	1,750	1,785	1,821	1,857	1,894	1,932
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		69,000	0	0	70,380	71,768	73,223	74,688	76,162	77,705	79,259	80,844	82,461	84,111	85,793	87,509	89,259	91,044	92,865	94,722	96,617

1st Lien O/S Balance 7,208,801
 B-Bond O/S Balance 3,825,641
 Hard Debt Repayment 11,013,442

CDLAC Scoring and Tiebreaker

Version: SDHC Application

FINANCIAL CATEGORIES SCORING AND TIEBREAKER SUMMARY

	Score	Maximum	Total Public Benefit	21,281,712
Minimum Income Restrictions	20	20	Total Bond & Credit Request	21,747,569
Minimum Rent Restrictions	10	10	Base Tiebreaker	97.86%
Leveraged Soft Resources	8	8	(less) Supplemental Reduction	0.00%
Cost Containment	12	12	Final Tiebreaker	97.86%

FINANCIAL ITEMS SCORING DETAIL

Section 5230(d): Exceeding Minimum Income Restrictions			
(1) Two points/percent for average affordability lower than 60% AMI			18
(2) Twenty points if average affordability <60% AMI provided 10% <30% AMI and 10% <50% AMI			20
Greater of above (maximum 20)			20
Section 5230(e): Exceeding Minimum Rent Restrictions			
One point/percent weighted average rents are more than 10% below market rents per market study			
Total points (maximum 10)			10
Section 5230(f): Leveraged Soft Resources			
One point for each percentage point calculated when dividing eligible soft sources by residential TDC			
or two points if large family/SNP in high/highest resource area			
Leveraged Soft Resources			6,433,395
Residential TDC			49,436,822
% Leveraged			13%
Total points (maximum 8)			8
Section 5230(f): Cost Containment			
One point/percent that eligible basis is lower than adjusted TBL, or two points			
if large family/SNP in high/highest resource area			
Adjusted TBL			75,346,334
Eligible Basis			45,750,371
Difference			29,595,963
% Difference			64%
Total points (maximum 12)			12

TIEBREAKER DETAIL

Public Benefit			
Unit Production Benefit		Opportunity Benefit	
Adjusted Units	96.25	Large Family/SNP?	No
*Benefit/Unit	50,000	Resource Area	Low
Total Benefit	4,812,500	Adjusted Units	96.25
Rent Savings Benefit		*Adjustment	0
Monthly Mkt. Rent	174,542	Total Benefit	0
Monthly Adj. Rent	115,519	Comprehensive Community Revitalization Benefit	
Monthly Savings	59,023	Revitalization Area?	Yes
*Total Months	180	Adjusted Units	96.25
Total Benefit	10,624,212	*Adjustment	20,000
Special Needs Population Benefit		Total Benefit	1,925,000
SNP Units (max 50%)	28	Total Public Benefit	
*Adjustment	10,000	Unit Production Benefit	4,812,500
Total Benefit	280,000	Rent Savings Benefit	10,624,212
Extremely Low Income Unit Benefit		Special Needs Population Benefit	280,000
ELI Units (max 50%)	28	Extremely Low Income Unit Benefit	560,000
*Adjustment	20,000	Sustainability Benefit	3,080,000
Total Benefit	560,000	Opportunity Benefit	0
Sustainability Benefit		Comp. Community Revitalization Benefit	1,925,000
Adjusted Units	96.25	Grand Total Public Benefit	21,281,712
*Transit Points	5	Cost-Adjusted Bond and State Credit Allocation	
*Adjustment	4,000	Tax-Exempt Bond Request	14,185,011
Subtotal Benefit	1,925,000	State Credit Request	7,580,340
Adjusted Units	96.25	Unadjusted Bond and Credit Request	21,765,351
*Amenity Points	3	County	San Diego
*Adjustment	4,000	Statewide Basis Delta	0.33%
Subtotal Benefit	1,155,000	*25% basis factor	25.00%
High Quality Transit?	No	Adjusted Basis Delta	0.08%
Adjusted Units	96.25	Prevailing Wage Modifier	0.00%
*Adjustment	0	Type I Construction Modifier	0.00%
Subtotal Benefit	0	Type III Construction Modifier	0.00%
Total Benefit	3,080,000	Adjusted Basis Delta	0.08%
TIEBREAKER SCORE		1-Total Adjustments	99.92%
Total Public Benefit	21,281,712	*Unadjusted Bond/Credit Request	21,765,351
Total Bond & Credit Allocation	21,747,569	Adjusted Bond/Credit Request	21,747,569
Tiebreaker Score	97.86%	GRAND TOTAL BOND/CREDIT ALLOCATION	
			21,747,569

Schedule of Outstanding Debt - Tax Basis

Version: SDHC Application

Credit Period Year:		(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
		2025	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Section 221(d)(4) Perm Loan																				
AMORTIZING PERIOD ONLY																				
Beginning Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid (Interest Rate Only)	5.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual P&I		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Exempt Perm Loan																				
AMORTIZING PERIOD ONLY																				
Beginning Balance	8,604,034	0	0	8,604,034	8,593,130	8,547,663	8,499,078	8,447,161	8,391,685	8,332,405	8,269,061	8,201,374	8,129,045	8,051,758	7,969,171	7,880,922	7,786,621	7,685,856	7,578,181	7,463,123
Interest Paid (Interest Rate Only)	6.650%	0	0	142,982	570,074	566,956	563,625	560,066	556,262	552,197	547,854	543,213	538,254	532,955	527,292	521,242	514,776	507,667	500,484	492,595
Annual P&I		0	0	153,685	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542	615,542
Ending Balance		0	0	8,593,130	8,547,663	8,499,078	8,447,161	8,391,685	8,332,405	8,269,061	8,201,374	8,129,045	8,051,758	7,969,171	7,880,922	7,786,621	7,685,856	7,578,181	7,463,123	7,340,177
Conventional Perm Loan - B Tranche																				
AMORTIZING PERIOD ONLY																				
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid (Interest Rate Only)	6.250%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual P&I		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mezzanine Loan																				
AMORTIZING PERIOD ONLY																				
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	8.75%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual P&I	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Seller Carryback Loan																				
AMORTIZING PERIOD ONLY																				
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	1.980%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Certificated Credit Sale Loan																				
PERM SOURCE ONLY7: Y																				
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	1.980%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor 50% Test Loan																				
PERM SOURCE ONLY7: Y																				
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	1.980%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B Bonds																				
PERM SOURCE ONLY7: Y																				
Beginning Balance	1,792,442	0	0	1,812,719	1,874,240	1,937,848	2,003,615	2,071,615	2,141,921	2,214,614	2,289,775	2,366,332	2,432,695	2,500,306	2,569,206	2,639,443	2,711,065	2,784,123	2,858,671	2,934,766
Interest Accrued @	3.394%	0	0	20,277	61,520	63,606	65,767	67,999	70,307	72,693	75,160	77,711	80,309	82,961	84,856	87,194	89,578	92,009	94,468	97,018
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	(1,154)	(13,945)	(14,951)	(15,955)	(16,957)	(17,956)	(18,951)	(19,940)
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	1,812,719	1,874,240	1,937,848	2,003,615	2,071,615	2,141,921	2,214,614	2,289,775	2,366,332	2,432,695	2,500,306	2,569,206	2,639,443	2,711,065	2,784,123	2,858,671	2,934,766
Available During Construction	0																			
SDHC, NOFA 26-01																				
PERM SOURCE ONLY7: N																				
Beginning Balance	1,383,000	1,383,000	1,392,198	1,419,976	1,444,974	1,463,804	1,483,010	1,502,599	1,522,579	1,542,957	1,563,742	1,584,942	1,606,674	1,616,951	1,627,677	1,637,841	1,647,436	1,656,451	1,664,878	1,672,711
Interest Accrued @	1.995%	9,198	27,778	28,332	28,831	29,206	29,589	29,960	30,379	30,786	31,200	31,623	32,037	32,262	32,476	32,679	32,870	33,050	33,218	33,374
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	(890)	(10,760)	(11,536)	(12,311)	(13,084)	(13,859)	(14,622)	(15,385)
Mandatory Minimum Payment	0.72%	0	0	(3,333)	(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)	(10,000)
Ending Balance	CONSTRUCT AOB: 100%	1,392,198	1,419,976	1,444,974	1,463,804	1,483,010	1,502,599	1,522,579	1,542,957	1,563,742	1,584,942	1,606,674	1,616,951	1,627,677	1,637,841	1,647,436	1,656,451	1,664,878	1,672,711	1,679,941
Available During Construction	1,383,000																			
Rahnd																				
PERM SOURCE ONLY7: N																				
Beginning Balance	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953	140,953
Available During Construction	140,953																			
SD Economic Dev - Bridge To Home 2024																				
PERM SOURCE ONLY7: N																				

Schedule of Outstanding Debt - Tax Basis

Version: SDHC Application

Credit Period Year:		(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
		2025	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Beginning Balance	4,500,000	4,500,000	4,526,816	4,607,742	4,690,116	4,773,982	4,859,307	4,946,178	5,034,601	5,124,606	5,216,219	5,309,471	5,401,493	5,463,045	5,523,174	5,581,857	5,639,073	5,694,803	5,749,034	5,801,750
Interest Accrued @	1.788%	26,816	80,927	82,373	83,846	85,345	86,871	88,424	90,004	91,614	93,251	94,918	96,563	97,664	98,739	99,788	100,811	101,807	102,777	103,719
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	(2,897)	(35,011)	(37,535)	(40,056)	(42,572)	(45,080)	(47,577)
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	4,526,816	4,607,742	4,690,116	4,773,982	4,859,307	4,946,178	5,034,601	5,124,606	5,216,219	5,309,471	5,401,493	5,463,045	5,523,174	5,581,857	5,639,073	5,694,803	5,749,034	5,801,750	5,852,941
Available During Construction	4,500,000																			
County of San Diego IHTF																				
Beginning Balance	PERM SOURCE ONLY? N	2,617,000	2,632,595	2,679,658	2,727,563	2,776,324	2,825,957	2,876,477	2,927,900	2,980,243	3,033,521	3,087,752	3,141,268	3,177,064	3,212,033	3,246,160	3,279,434	3,311,845	3,343,382	3,374,040
Interest Accrued @	1.788%	15,595	47,053	47,905	48,761	49,633	50,520	51,423	52,343	53,278	54,231	55,200	56,187	56,797	57,422	58,032	58,627	59,206	59,770	60,318
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	(1,685)	(20,361)	(21,829)	(23,295)	(24,758)	(26,216)	(27,669)	(29,113)
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	2,632,595	2,679,658	2,727,563	2,776,324	2,825,957	2,876,477	2,927,900	2,980,243	3,033,521	3,087,752	3,141,268	3,177,064	3,212,033	3,246,160	3,279,434	3,311,845	3,343,382	3,374,040	3,403,810
Available During Construction	2,617,000																			
CalHFA MIP																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 7																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 8																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 9																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.42%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 10																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 11																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	1.880%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	1																			
Soft Loan 12																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			

Schedule of Outstanding Debt - Tax Basis

Version: SDHC Application

Credit Period Year:		(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Soft Loan 13																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 14																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 15																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 16																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 17																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 18																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 19																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 20																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Soft Loan 21																				
Beginning Balance	PERM SOURCE ONLY? Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0


Schedule of Outstanding Debt - Tax Basis

Version: SDHC Application

Credit Period Year:		(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 22	PERM SOURCE ONLY? Y																			
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 23	PERM SOURCE ONLY? Y																			
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 24	PERM SOURCE ONLY? Y																			
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
Soft Loan 25	PERM SOURCE ONLY? Y																			
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued @	0.000%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Available During Construction	0																			
TOTAL OUTSTANDING DEBT (TAX BASIS)		8,692,562	8,848,329	19,409,456	19,576,946	19,746,153	19,916,983	20,089,333	20,263,086	20,438,112	20,614,266	20,784,765	20,962,467	20,973,313	21,056,939	21,132,960	21,200,973	21,260,551	21,311,247	21,352,589
LP ASSET MGT. FEE Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP PARTNERSHIP MGT. FEE Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PRIORITY DEF. DEVELOPER FEE Accruals		0	0	814,454	785,325	705,606	614,498	511,954	397,935	272,408	135,352	0	0	0	0	0	0	0	0	0
Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NON-PRIORITY DEF. DEVELOPER FEE Accruals		0	0	2,649,302	2,649,302	2,649,302	2,649,302	2,649,302	2,649,302	2,649,302	2,649,302	2,642,677	2,562,600	2,476,750	2,385,133	2,287,761	2,194,654	2,075,836	1,961,337	1,841,195
Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSTANDING DEBT+ACCRUALS (TAX BASIS)		8,692,562	8,848,329	22,873,212	23,011,573	23,101,061	23,180,783	23,250,589	23,310,322	23,359,822	23,388,920	23,427,442	23,445,067	23,450,063	23,442,071	23,426,721	23,385,627	23,336,387	23,272,584	23,193,784

Main Cash Flow for Accounts		10/1	10/2	10/3	10/4	10/5	10/6	10/7	10/8	10/9	10/10	10/11	10/12	10/13	10/14	10/15	10/16	10/17	10/18	10/19	10/20	10/21	10/22	10/23	10/24	10/25	10/26	10/27	10/28	10/29	10/30	10/31	10/32	10/33	10/34	10/35	10/36	10/37	10/38	10/39	10/40	10/41	10/42	10/43	10/44	10/45	10/46	10/47	10/48	10/49	10/50	10/51	10/52	10/53	10/54	10/55	10/56	10/57	10/58	10/59	10/60	10/61	10/62	10/63	10/64	10/65	10/66	10/67	10/68	10/69	10/70	10/71	10/72	10/73	10/74	10/75	10/76	10/77	10/78	10/79	10/80	10/81	10/82	10/83	10/84	10/85	10/86	10/87	10/88	10/89	10/90	10/91	10/92	10/93	10/94	10/95	10/96	10/97	10/98	10/99	10/100	10/101	10/102	10/103	10/104	10/105	10/106	10/107	10/108	10/109	10/110	10/111	10/112	10/113	10/114	10/115	10/116	10/117	10/118	10/119	10/120	10/121	10/122	10/123	10/124	10/125	10/126	10/127	10/128	10/129	10/130	10/131	10/132	10/133	10/134	10/135	10/136	10/137	10/138	10/139	10/140	10/141	10/142	10/143	10/144	10/145	10/146	10/147	10/148	10/149	10/150	10/151	10/152	10/153	10/154	10/155	10/156	10/157	10/158	10/159	10/160	10/161	10/162	10/163	10/164	10/165	10/166	10/167	10/168	10/169	10/170	10/171	10/172	10/173	10/174	10/175	10/176	10/177	10/178	10/179	10/180	10/181	10/182	10/183	10/184	10/185	10/186	10/187	10/188	10/189	10/190	10/191	10/192	10/193	10/194	10/195	10/196	10/197	10/198	10/199	10/200	10/201	10/202	10/203	10/204	10/205	10/206	10/207	10/208	10/209	10/210	10/211	10/212	10/213	10/214	10/215	10/216	10/217	10/218	10/219	10/220	10/221	10/222	10/223	10/224	10/225	10/226	10/227	10/228	10/229	10/230	10/231	10/232	10/233	10/234	10/235	10/236	10/237	10/238	10/239	10/240	10/241	10/242	10/243	10/244	10/245	10/246	10/247	10/248	10/249	10/250	10/251	10/252	10/253	10/254	10/255	10/256	10/257	10/258	10/259	10/260	10/261	10/262	10/263	10/264	10/265	10/266	10/267	10/268	10/269	10/270	10/271	10/272	10/273	10/274	10/275	10/276	10/277	10/278	10/279	10/280	10/281	10/282	10/283	10/284	10/285	10/286	10/287	10/288	10/289	10/290	10/291	10/292	10/293	10/294	10/295	10/296	10/297	10/298	10/299	10/300	10/301	10/302	10/303	10/304	10/305	10/306	10/307	10/308	10/309	10/310	10/311	10/312	10/313	10/314	10/315	10/316	10/317	10/318	10/319	10/320	10/321	10/322	10/323	10/324	10/325	10/326	10/327	10/328	10/329	10/330	10/331	10/332	10/333	10/334	10/335	10/336	10/337	10/338	10/339	10/340	10/341	10/342	10/343	10/344	10/345	10/346	10/347	10/348	10/349	10/350	10/351	10/352	10/353	10/354	10/355	10/356	10/357	10/358	10/359	10/360	10/361	10/362	10/363	10/364	10/365	10/366	10/367	10/368	10/369	10/370	10/371	10/372	10/373	10/374	10/375	10/376	10/377	10/378	10/379	10/380	10/381	10/382	10/383	10/384	10/385	10/386	10/387	10/388	10/389	10/390	10/391	10/392	10/393	10/394	10/395	10/396	10/397	10/398	10/399	10/400	10/401	10/402	10/403	10/404	10/405	10/406	10/407	10/408	10/409	10/410	10/411	10/412	10/413	10/414	10/415	10/416	10/417	10/418	10/419	10/420	10/421	10/422	10/423	10/424	10/425	10/426	10/427	10/428	10/429	10/430	10/431	10/432	10/433	10/434	10/435	10/436	10/437	10/438	10/439	10/440	10/441	10/442	10/443	10/444	10/445	10/446	10/447	10/448	10/449	10/450	10/451	10/452	10/453	10/454	10/455	10/456	10/457	10/458	10/459	10/460	10/461	10/462	10/463	10/464	10/465	10/466	10/467	10/468	10/469	10/470	10/471	10/472	10/473	10/474	10/475	10/476	10/477	10/478	10/479	10/480	10/481	10/482	10/483	10/484	10/485	10/486	10/487	10/488	10/489	10/490	10/491	10/492	10/493	10/494	10/495	10/496	10/497	10/498	10/499	10/500	10/501	10/502	10/503	10/504	10/505	10/506	10/507	10/508	10/509	10/510	10/511	10/512	10/513	10/514	10/515	10/516	10/517	10/518	10/519	10/520	10/521	10/522	10/523	10/524	10/525	10/526	10/527	10/528	10/529	10/530	10/531	10/532	10/533	10/534	10/535	10/536	10/537	10/538	10/539	10/540	10/541	10/542	10/543	10/544	10/545	10/546	10/547	10/548	10/549	10/550	10/551	10/552	10/553	10/554	10/555	10/556	10/557	10/558	10/559	10/560	10/561	10/562	10/563	10/564	10/565	10/566	10/567	10/568	10/569	10/570	10/571	10/572	10/573	10/574	10/575	10/576	10/577	10/578	10/579	10/580	10/581	10/582	10/583	10/584	10/585	10/586	10/587	10/588	10/589	10/590	10/591	10/592	10/593	10/594	10/595	10/596	10/597	10/598	10/599	10/600	10/601	10/602	10/603	10/604	10/605	10/606	10/607	10/608	10/609	10/610	10/611	10/612	10/613	10/614	10/615	10/616	10/617	10/618	10/619	10/620	10/621	10/622	10/623	10/624	10/625	10/626	10/627	10/628	10/629	10/630	10/631	10/632	10/633	10/634	10/635	10/636	10/637	10/638	10/639	10/640	10/641	10/642	10/643	10/644	10/645	10/646	10/647	10/648	10/649	10/650	10/651	10/652	10/653	10/654	10/655	10/656	10/657	10/658	10/659	10/660	10/661	10/662	10/663	10/664	10/665	10/666	10/667	10/668	10/669	10/670	10/671	10/672	10/673	10/674	10/675	10/676	10/677	10/678	10/679	10/680	10/681	10/682	10/683	10/684	10/685	10/686	10/687	10/688	10/689	10/690	10/691	10/692	10/693	10/694	10/695	10/696	10/697	10/698	10/699	10/700	10/701	10/702	10/703	10/704	10/705	10/706	10/707	10/708	10/709	10/710	10/711	10/712	10/713	10/714	10/715	10/716	10/717	10/718	10/719	10/720	10/721	10/722	10/723	10/724	10/725	10/726	10/727	10/728	10/729	10/730	10/731	10/732	10/733	10/734	10/735	10/736	10/737	10/738	10/739	10/740	10/741	10/742	10/743	10/744	10/745	10/746	10/747	10/748	10/749	10/750	10/751	10/752	10/753	10/754	10/755	10/756	10/757	10/758	10/759	10/760	10/761	10/762	10/763	10/764	10/765	10/766	10/767	10/768	10/769	10/770	10/771	10/772	10/773	10/774	10/775	10/776	10/777	10/778	10/779	10/780	10/781	10/782	10/783	10/784	10/785	10/786	10/787	10/788	10/789	10/790	10/791	10/792	10/793	10/794	10/795	10/796	10/797	10/798	10/799	10/800	10/801	10/802	10/803	10/804	10/805	10/806	10/807	10/808	10/809	10/810	10/811	10/812	10/813	10/814	10/815	10/816	10/817	10/818	10/819	10/820	10/821	10/822	10/823	10/824	10/825	10/826	10/827	10/828	10/829	10/830	10/831	10/832	10/833	10/834	10/835	10/836	10/837	10/838	10/839	10/840	10/841	10/842	10/843	10/844	10/845	10/846	10/847	10/848	10/849	10/850	10/851	10/852	10/853	10/854	10/855	10/856	10/857	10/858	10/859	10/860	10/861	10/862	10/863	10/864	10/865	10/866	10/867	10/868	10/869	10/870	10/871	10/872	10/873	10/874	10/875	10/876	10/877	10/878	10/879	10/880	10/881	10/882	10/883	10/884	10/885	10/886	10/887	10/888	10/889	10/890	10/891	10/892	10/893	10/894	10/895	10/896	10/897	10/898	10/899	10/900	10/901	10/902	10/903	10/904	10/905	10/906	10/907	10/908	10/909	10/910	10/911	10/912	10/913	10/914	10/915	10/916	10/917	10/918	10/919	10/920	10/921	10/922	10/923	10/924	10/925	10/926	10/927	10/928	10/929	10/930	10/931	10/932	10/933	10/934	10/935	10/936	10/937	10/938	10/939	10/940	10/941	10/942	10/943	10/944	10/945	10/946	10/947	10/948	10/949	10/950	10/951	10/952	10/953	10/954	10/955	10/956	10/957	10/958	10/959	10/960	10/961	10/962	10/963	10/964	10/965	10/966	10/967	10/968	10/969	10/970	10/971	10/972	10/973	10/974	10/975	10/976	10/977	10/978	10/979	10/980	10/981	10/982	10/983	10/984	10/985	10/986	10/987	10/988	10/989	10/990	10/991	10/992	10/993	10/994	10/995	10/996	10/997	10/998	10/999	10/1000	10/1001	10/1002	10/1003	10/1004	10/1005	10/1006	10/1007	10/1008	10/1009	10/1010	10/1011	10/1012	10/1013	10/1014	10/1015	10/1016	10/1017	10/1018	10/1019	10/1020	10/1021	10/1022	10/1023	10/1024	10/1025	10/1026	10/1027	10/1028	10/1029	10/1030	10/1031	10/1032	10/1033	10/1034	10/1035	10/1036	10/1037	10/1038	10/1039	10/1040	10/1041	10/1042	10/1043	10/1044	10/1045	10/1046	10/1047	10/1048	10/1049	10/1050	10/1051	10/1052	10/1053	10/1054	10/1055	10/1056	10/1057	10/1058	10/1059	10/1060	10/1061	10/1062	10/1063	10/1064	10/1065	10/1066	10/1067	10/1068	10/1069	10/1070	10/1071	10/1072	10/1073	10/1074	10/1075	10/1076	10/1077	10/1078	10/1079	10/1080	10/1081	10/1082	10/1083	10/1084	10/1085	10/1086	10/1087	10/1088	10/1089	10/1090	10/1091	10/1092	10/1093	10/1094	10/1095	10/1096	10/1097	10/1098	10/1099	10/1100	10/1101	10/1102	10/1103	10/1104	10/1105	10/1106	10/1107	10/1108	10/1109	10/1110	10/1111	10/1112	10/1113	10/1114	10/1115	10/111
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Version: SDHC Application



California Housing Partnership Corporation

Schedule of Existing Debt

Version: SDHC Application

0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
TOTAL:	0

HARD DEBT - ORIGINAL LOAN TERMS							HARD DEBT - LOAN BALANCES				
<u>Site</u>	<u>Lender</u>	<u>Principal</u>	<u>Loan Term</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Current Principal</u>	<u>Interest to Close</u>	<u>Repayment to Close</u>	<u>Payoff at Close</u>	<u>TOTAL</u>
0	0	0	30	1/1/90	1/1/20	5.50%	0	0	0	0	0
0	0	0	30	1/1/90	1/1/20	5.50%	0	0	0	0	0
0	0	0	30	1/1/90	1/1/20	5.50%	0	0	0	0	0
0	0	0	30	1/1/90	1/1/20	5.50%	0	0	0	0	0
0	0	0	30	1/1/90	1/1/20	5.50%	0	0	0	0	0
TOTAL:		0					0	0	0	0	0

ACQUISITION SOURCES - ASSUMED SECONDARY DEBT: DEEMED OID PRINCIPAL REDUCTION (if required)



California Housing Partnership Corporation

Version: SDHC Application

Basis Reduction due to Lower Fair Market Value

[illegible]

Schedule of Existing Debt								Version: SDHC Application	
	-	0	-	0.00%	-	0	0		
	-	0	-	0.00%	-	0	0		
	-	0	-	0.00%	-	0	0		
	-	0	-	0.00%	-	0	0		
	-	0	-	0.00%	-	0	0		
	-	0	-	0.00%	-	0	0		
TOTAL:		-	-		-	-	-		



SAN DIEGO
HOUSING
COMMISSION

ATTACHMENT 4
PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY

Alpha Street Housing Associates, LP
3947-3953, 3963 Z Street San Diego, CA 92113
December 1, 2025

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 Alpha Street Housing Associates, LP, a California limited partnership ("Borrower"), with respect to the acquisition and proposed new construction and permanent financing of a 92-unit development (with 91 affordable units and one unrestricted manager's unit) located on an approximately 0.48 acre lot at 3947-3953, 3963 Z Street in the City of San Diego ("Project"). As stated in the award letter dated November 13, 2025, the award is contingent upon the Borrower closing on the property at the above referenced address by March 2, 2026. Should the acquisition not close, the award will be rescinded.

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 \$1,383,000 as a residual receipts loan. Loan funds to be used for the acquisition 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 the 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



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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 with annual increases will be capped at three (3) percent. "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	Units
One-bedroom units	30%	21
One-bedroom units	60%	49
Subtotal One Bedroom Units	--	70
Two-bedroom units	30%	7
Two-bedroom units	60%	14
Subtotal Two Bedroom Units	--	21
Manager's two-bedroom unit	--	1
Total Units	--	92

- 6. **Purchase Option** – Borrower 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



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tax-credit compliance period.

7. **Alternate Funding-** Borrower shall also seek alternative funding, including but not limited to the State of California Department of Housing and Community Development, County of San Diego, Federal Home Loan Bank, etc. 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 -** An appraisal of the subject site with an effective date of September 19, 2025, valued the property at \$1,630,000. The developer obtained the appraisal, conducted by Kidder Mathews.
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, as acceptable to the Housing Commission's legal counsel.
10. **Construction Costs Third-Party Review** - Prior to Housing Commission Loan closing, a costs review may be obtained by the Housing Commission with a third-party consultant. If obtained, Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
11. **Contractor** - The construction contract shall be competitively bid to at least three qualified General Contractors and shall be awarded to the lowest qualified and responsive bidder.
 - a. Borrower will submit copies of three qualified bids received from subcontractors for each trade.
 - b. 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.
 - c. 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. Those bids will be reviewed and approved by the Borrower. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
 - d. Change orders at or in excess of \$150,000 shall have Housing Commission prior written approval. For proposed change orders over \$150,000, the Borrower and General Contractor shall submit to the Housing Commission a



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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.

- e. Agreement Changes - a 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.
 - f. 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 on construction financing.
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 on construction financing.
14. **Developer Fee-**
- a. Maximum Fee \$5,967,400 paid from Development Sources.
 - b. Additional developer fee provisions
 - i. If any amount of the developer fee is deferred, then such amount 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.
15. **Due Diligence** - The Borrower, at Borrower's expense, shall provide the following, if applicable: a current appraisal, an environmental review, a lead paint and asbestos review, and a relocation plan. The Borrower shall provide the Housing Commission with an updated appraisal within 90 days of the estimated escrow closing date.
16. **Environmental Requirements** - Currently the Housing Commission intends to fund the Housing Commission Loan with CDBG funds. As a result, the parties agree and acknowledge that this commitment terms summary constitutes a conditional reservation and does not represent a final commitment of funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). A final reservation of CDBG 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



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under 24 CFR Part 58. The parties agree that the provision of any CDBG funds to the Project will be 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 CDBG funds for this Project.

17. **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: \$157.50 X 92 (Project units to be affordability monitored) = **\$14,963** 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.
- f) **Construction Cost Review** - Housing Commission may engage a third party to review the reasonableness of the construction costs. If so, fees of \$12,500 are to be paid at close of escrow.

18. **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 this Letter of Intent's \$1,383,000 will be provided for the purpose of acquisition for the Project in any Housing Commission future Notices of Funds Available.



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19. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds, including CDBG funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. In the event the Housing Commission funds all or part of the Housing Commission Loan using CDBG funds, then Borrower shall comply with the CDBG programs rules and regulations, Federal Davis Bacon law and Section 3.
20. **Insurance** - Borrower shall at all times during the term of the Commission 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.
21. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$1,383,000**) will be disbursed at escrow closing.
22. **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 proposed property manager's fee must be approved in advance by the Housing Commission.
 - c. The Housing Commission reserves the right to declare Borrower in default of the Housing Commission Loan 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 property management is required. There shall be one manager's units.



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23. **Annual Budget Submittal** Three months prior to the end of each calendar year, the Borrower shall submit an annual budget for Housing Commission review and prior approval.
24. **Resident Services** – The attached pro forma shows a \$40,000 resident services expenditure, with a 3.5 percent annual escalator. Increasing this amount or the escalator will require Housing Commission written approval.
25. **Prevailing Wage** - U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) funds, via the proposed Housing Commission Loan, will be used exclusively to purchase the land. It is anticipated the proposed project will not subject to payment of federal prevailing wages because the use of CDBG funds for real property acquisition will not alone require compliance with federal Davis-Bacon and Related Acts.
26. **Recourse** - The Housing Commission Loan will be recourse until the timely completion of the construction, after which it will become non-recourse.
27. **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. Replacement Reserve -The attached proforma models an annual replacement reserve at **\$27,600 (\$300 per unit per year)**.
 - b. Operating Reserve - The attached proforma models a capitalized operating reserve at **\$326,554** at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission Loan after the project is placed in service.
 - c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve and/or replacement reserve.
28. **Section 3** - In the event the Housing Commission funds all or part of the Housing Commission Loan using CDBG funds, then Section 3 of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
29. **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



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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.

- 30. 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.
- 31. Title (ALTA Lender's Policy) -The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy for the Housing Commission Loan with endorsements acceptable to the Housing Commission.
- 32. 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.
- 33. Exhibit A - Proforma - is attached hereto and is hereby incorporated.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this commitment terms summary and return it to the undersigned by December 4, 2025 so that this commitment terms summary may be attached to the Housing Commission Board report.



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ACKNOWLEDGED AND AGREED TO BY:

Alpha Street Housing Associates, LP

San Diego Housing Commission

By: 

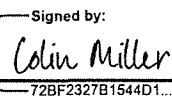
Print Name:

Kevin Lechner

Title:

SVP Housing & Real Estate Development

Date: 12/04/2025

Signed by:
By: 
72BF2327B1544D1...

Print Name:

Colin Miller

Title:

Senior Vice President Real Estate

Date: 12/4/2025

Attachment: Exhibit A Developer's Pro forma






40th and Alpha Street_Term Sheet V3

Final Audit Report

2025-12-04

Created:	2025-12-04
By:	Annmarie Rodriguez (ajrodriguez@chworks.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAYrf-zHN7_ZEvGwFwx10MkchEwATVCn1

"40th and Alpha Street_Term Sheet V3" History

-  Document created by Annmarie Rodriguez (ajrodriguez@chworks.org)
2025-12-04 - 9:57:58 PM GMT
-  Document emailed to Kevin Leichner (kleichner@chworks.org) for signature
2025-12-04 - 9:58:03 PM GMT
-  Email viewed by Kevin Leichner (kleichner@chworks.org)
2025-12-04 - 10:01:05 PM GMT
-  Document e-signed by Kevin Leichner (kleichner@chworks.org)
Signature Date: 2025-12-04 - 10:01:19 PM GMT - Time Source: server
-  Agreement completed.
2025-12-04 - 10:01:19 PM GMT





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. Email: kleichner@chworks.org
2. Address and Zip Code: 3111 Camino Del Rio N, Suite 800, San Diego, CA 92108
3. Telephone Number: (619) 795 1134
4. Name of Principal Contact for CONTRACTOR: Kevin Leichner
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0317950
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 **(you may copy and paste requested documents of any size into the boxes throughout this form):**

☐ A corporation **(copy and paste Articles of Incorporation here):**

☒ A nonprofit or charitable institution or corporation **(copy and paste Articles of Incorporation and documentary evidence verifying current, valid nonprofit or charitable status):**

See attached Articles of Incorporation and documentary evidence verifying current, valid nonprofit status.

☐ A partnership known as **(Name):**

Check one:

☐ General Partnership **(copy and paste statement of General Partnership):**

☐ Limited Partnership **(copy and paste Certificate of Limited Partnership):**

☐ A business association or a joint venture known as: **(copy and paste Joint Venture or Business Association Agreement)**

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

☐ Other (Please explain):



7. If the CONTRACTOR is not an individual or a government agency or instrumentality, list name and 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% 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%. (Attach extra sheet if necessary)

Text will allow multiple lines

	Name/Title (if any)	Address	Phone	Email	Percent of Interest & Description of character and extent of interest
8.1					%
8.2					%
8.3					%

You may also copy and paste your complete list here:

See attached CHW Board Roster.

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.

☐ Yes

☒ No



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.

☒

Yes

☐

No

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% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

Text will allow multiple lines

	Name/Title (if any)	Address	Phone	Email	Percent of Interest & Description of character and extent of interest
11.1					%
11.2					%
11.3					%

You may also copy and paste your complete list here:

Not Applicable.

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/Title (if any)	Address	Phone	Email
12.1				
12.2				
12.3				

You may also copy and paste your complete list here:

Not applicable, provided in question 8.



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 whatever 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.

Text will allow multiple lines

	Name of <i>affiliated</i> Corporation/Firm/Business Entity	Address	Relationship to CONTRACTOR	List Common Officers/Directors/Trustees by Name
13.1				
13.2				
13.3				

You may also copy and paste your complete list here:

No, not applicable.

14. Provide description of 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 financial statements that was requested (attached) as part of the Application, including, but not necessarily limited to, profit and loss statements and statements of financial position:

Please refer to the attached CHW Audited Financial Statements for years 2023 and 2024.

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 Plan for Financing Development.

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

- a. In banks/savings and loans:

Name: _____

Address: _____

Amount: \$ _____

Community HousingWorks will provide a complete list of these sources and the amount of cash available to meet proposed equity requirements at a later date.

- 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 (\$)

Enter additional information as needed:

--

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

Text will allow multiple lines

	Bank Name	Bank Address	Bank Contact Name	Bank Contact Phone/Email
17.1				
17.2				
17.3				

You may also copy and paste your complete list of bank references here:

Please see attached bank reference list.

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, provide date, place, and under what name:

--

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, for each case, provide (1) date, (2) charge, (3) place, (4) court, and (5) action taken. ***You may copy and paste any explanation deemed necessary:***

Case 1:

Case 2:

Case 3:

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

Enter additional information as needed:

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	Address	Affiliation
21.a1			
21.a2			
21.a3			



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

☐

Yes

☐

No

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

--

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

c.1 General description of such work:

--

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.2 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Litigation Outcome Details:	

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.3 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
Bond		
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Ligation Outcome Details:	



c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.4 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Litigation Outcome Details:	

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

Identification of Contract or Development	Location	Amount	Date to be Completed



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

Awarding Agency	Amount	Date Opened

Enter additional information as needed:

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 attached CHW Developer Qualifications.

23. Does any member of the governing body of the San Diego Housing Commission ("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 the 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:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are copy and pasted 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, please explain:

Please see attached CHW Litigation Disclosure Letter and Organizational Fiscal Health Certification. Also, please note disclosed litigations are at the individual entity level and NOT with CHW, the parent company, and NOT with the special-purpose entities that we will be using in the ownership structure for 40th & Alpha.

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

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

See attached Insurance Certificate.

Check coverage(s) carried:

☒

Comprehensive Form

☒

Premises - Operations

☐

Explosion and Collapse Hazard

☐

Underground Hazard

☒

Products/Completed Hazard

☒

Contractual Insurance

☒

Broad Form Property Damage

☒

Independent Contractors

☒

Personal Injury

- b. Automobile Public Liability/Property Damage *[(copy and paste certificate of insurance showing the amount of coverage and coverage period(s))]*:

See attached Insurance Certificate.

Check coverage(s) carried:

☒

Comprehensive Form

☒

Owned

☒

Hired

☒

Non-Owned

- c. Workers Compensation [*copy and paste certificate of insurance showing the amount of coverage and coverage period(s)*]:

See attached Insurance Certificate.

- d. Professional Liability (Errors and Omissions) [*copy and paste certificate of insurance showing the amount of coverage and coverage period(s)*]:

Not applicable.

- e. Excess Liability [*copy and paste certificate(s) of insurance showing the amount of coverage and coverage period(s)*]:

See attached Insurance Certificate.

- f. Other (Specify) [*copy and paste 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 the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the 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 the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the 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 Entity Making Complaint	Date	Resolution

Enter additional information as needed:

None, not applicable.

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:

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			Current	No

Enter additional information as needed here:

See attached license.

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 the 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 the SDHC.

Community HousingWorks has a proud history of successful contract administration that will assure its successful completion of this project. We have developed and currently own and operate 52 affordable housing projects and have met our loan obligations within each.

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

Date	Entity Involved (i.e. City, SDHC, et al.)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

Enter additional information as needed:

See attached list of all contracts.

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, please explain:



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, please explain:

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

1. Name: Christina Bibler

Address: 202 C St., San Diego, CA 92101

Phone: 619.236.6421

Project Name: 40th & Alpha

Description:

Director of Economic Development, City of San Diego

2. Name: Martin Reeder

Address: 1243 National City Blvd., National City, CA 91950

Phone: 619.336.4391

Project Name: Kimball Highland Master Plan

Description:

Acting Director of Community Development, City of National City

3. Name: Monica Hardman

Address: 202 C St., San Diego, CA 92101

Phone: 619.533.6544

Project Name: Bridge to Home program funding for the Cortez Hill Apartments, Serra Mesa Apartments, Navajo Apartments and the Swift Avenue Apartments.

Description:

Assistant Director, City of San Diego

39. Provide 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. State the name and experience of the proposed Construction Superintendent.

Name	TBD
Experience	TBD



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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 the 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 the 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 the 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 25th day of September, 20 25, at San Diego, California.

CONTRACTOR

By: Kevin Leichner

Signature

Kevin Leichner

Print Name

Senior Vice President

Title



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

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: Kevin Lechner
Signature

Print Name: Kevin Lechner

Title: Senior Vice President

Dated: 09/25/2025

By: _____
Signature

Print Name: _____

Title: _____

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.

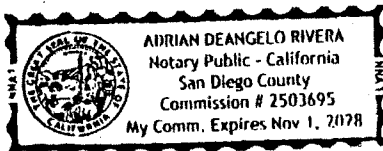
JURAT

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 25th day of September, 20 25

by Kevin Lechner 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]
Signature of Notary



LIST OF ATTACHMENTS

Question #6	Articles of Incorporation and Nonprofit Status
Question #8	Board Roster of Community Housing Works
Question #14	2023 and 2024 Consolidated Financial Statements
Question #15	Plan for Financing Development
Question #17	Bank References
Question #20	List of Undertakings
Question #22	CHW Developer Qualifications
Question #26	Insurance Certifications
Question #32	Business License
Question #35	List of Contracts

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
358.720.6300
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,

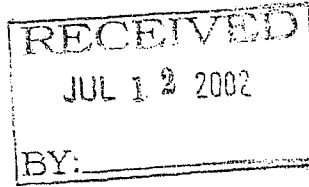


Dennis J. Doucette
of
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

DJD/dzc

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,

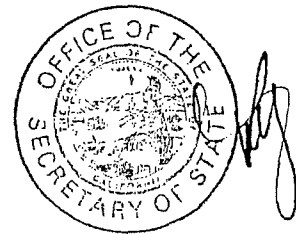
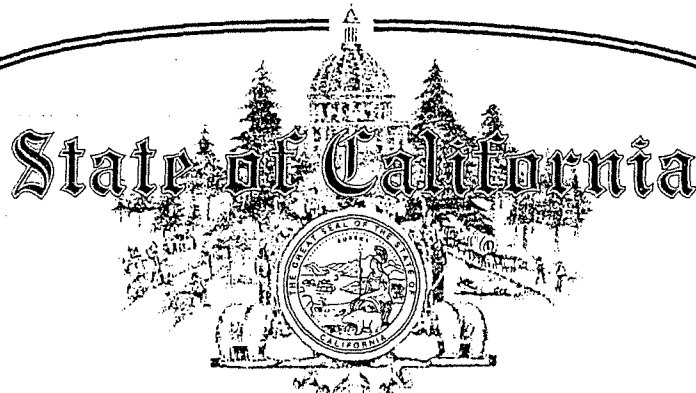
Nancy Crane

for

LUCE, FORWARD, HAMILTON & SCRIPPS LLP

NC/
Enclosure

cc: Dennis J. Doucette, Esq.



SECRETARY OF STATE

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

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

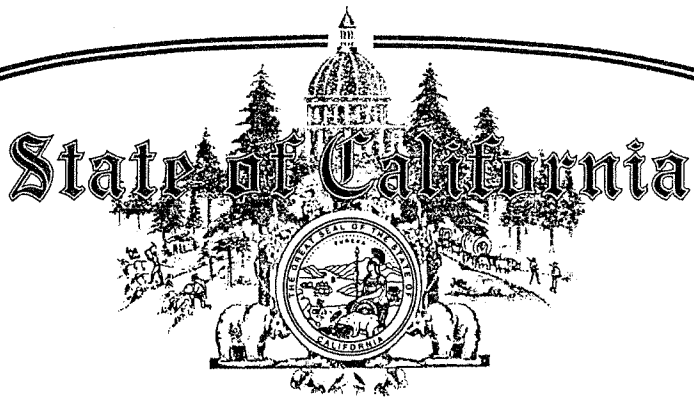


IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JUL - 5 2002

Bill Jones

Secretary of State



**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

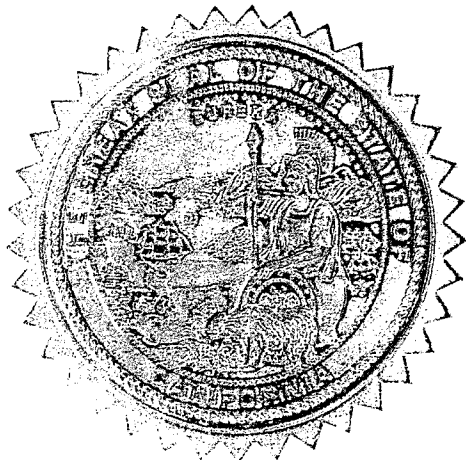
That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

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.

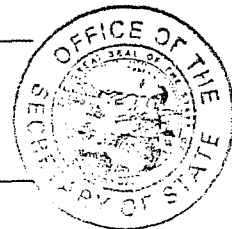
3. The foregoing amended and restated Articles of Incorporation have been duly approved by the board of directors.
4. The corporation has no members.

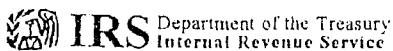
We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: 6/28, 2002

Jack Mawhinney
Jack Mawhinney, President

Michael Sprague
Michael Sprague, Secretary





Department of the Treasury
Internal Revenue Service
P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 0437847196
Sep. 23, 2008 LTR 4168C E0
33-0317950 000000 00 000 R
00028842
BODC: TE

COMMUNITY HOUSINGWORKS
1820 S ESCONDIDO BLVD STE 101
ESCONDIDO CA 92025



002435

Employer Identification Number: 33-0317950
Person to Contact: T. Wilson
Toll Free Telephone Number: 1-877-629-5500

Dear Taxpayer:

This is in response to your request of Sep. 12, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in November 1992, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate 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.

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

Sincerely yours,

Deborah Bingham
Accounts Management I

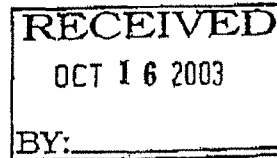


STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to
755:G :GRW

October 10, 2003

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



Purpose : CHARITABLE
Code Section : 23701d
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 23701d, 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 returns 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:



2025 Board of Directors

Ken Krug <i>Board Chair</i> <i>Chair, Executive Committee</i> Partner KMO Partners, LLP 3777 Long Beach Blvd. Suite 280 Long Beach, CA 90807 Kkrug@kmoplav.com 01/2022	Pauline Hassan Burkey <i>Vice-Chair</i> <i>Chair, Strategy, Innovation, and Policy Committee</i> Project Manager PICO California PO Box 33334 Los Angeles, CA 90033 pauline@picocalifornia.org 01/2023	Christie Ault <i>Secretary</i> AVP/ Sr. Community Development Coordinator Pacific Premier Bank 3050 Rue D'Orleans St. #426 San Diego, CA 92110 cault@ppbi.com 03/2019
Sanat Patel <i>Treasurer</i> <i>Chair, Finance Committee</i> Chief Lending Officer AVANA Companies 17235 N 75th Ave Ste E145 Glendale, AZ 85308-0867 sanat.patel@avanacompanies.com 01/2023	Angela Nugent <i>Community Representative</i> Real Estate Broker Keller Williams Orange County Coastal Realty PO Box 2588 El Camino Real F108 Carlsbad ,CA 92008 teamnugent@gmail.com 08/2017	Don Ambrose <i>Chair, Audit Committee</i> <i>Chair, Governance Committee</i> President Del Mar Healthcare, Inc. 121 Spinnaker Ct. Del Mar, CA 92014 don@delmarhc.org 04/2020
Jasmine Ames Vice President US Bank 800 Nicollet Mall Minneapolis, MN 55402 jasmine.ames@usbank.com 01/2025	Antonio Barbosa VP, Community Development Wells Fargo 2307 Palomira Ct. Chula vista, CA 91915 Antonio.barbosa@wellsfargo.com 05/2017	Brandon Black <i>Co-Chair, Fund Development Committee</i> CEO Mission Lane PO Box 71084, Charlotte, NC 28272-1084 bblack0828@gmail.com 01/2022
Silvia Calzada Community Health Worker Environmental Health Coalition 2142 Hoover Ave. #209, National City, CA 91950 silviamcalzada@gmail.com 06/2020	Eleanor Evans <i>Co-Chair, Fund Development Committee</i> Trustee Oceanside Unified School District 2111 Mission Ave Oceanside, CA 92058 eleanor.evans@oside.us 01/2023	Ruby Harris Senior Director, Capital Solutions & Partnerships Enterprise Community Partners PO Box 64854, Baltimore, MD 21264-4854 rharris@enterprisecommunity.org 10/2024
Maria Hernandez Affordable Housing Advocate & Resident Organizer 13414 Community Rd. Poway, CA 92064 mehernandez73@icloud.com 04/2023	Noni Ramos Chief Executive Officer Housing Trust Silicon Valley 75 E. Santa Clara St., Suite 1350 San Jose, CA 95113 noni@housingtrustsv.org 01/2022	Dinora Reyna Gutierrez Executive Director San Diego Organizing Project 5011 Holly Drive San Diego, CA 92113 dinora@sdop.net 01.2023

Note: All Board Members listed are Voting Members

Executive Committee in Bold Updated: 2/01/25



Community HousingWorks and Affiliates

**Consolidated Financial Statements with Report of Independent Auditors
December 31, 2024 and 2023**

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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NOVOGRADAC
& COMPANY LLP®

Report of Independent Auditors

To the Board of Directors of
Community HousingWorks and Affiliates:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community HousingWorks, a California nonprofit public benefit corporation, and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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.

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community HousingWorks and Affiliates as of December 31, 2024 and 2023, 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.

We did not audit the financial statements of certain limited partnerships controlled by Community HousingWorks and Affiliates, which statements reflect total assets constituting 6.85% and 7.68% of the consolidated total assets at December 31, 2024 and 2023, respectively, and total revenues constituting 3.83% and 3.53%, respectively, of the consolidated total revenues for the years then ended. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these limited partnerships, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Community HousingWorks and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community HousingWorks and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Housing Works and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Housing Works and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying supplementary information, are presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards and the accompanying supplementary information are 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 a report dated May 20, 2025, on our consideration of Community HousingWorks and Affiliates' internal control over financial reporting and on our tests of their 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 and Affiliates' 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 and Affiliates' internal control over financial reporting and compliance.

Novogradac & Company LLP

Walnut Creek, California
May 20, 2025

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 34,683,813	\$ 39,810,202
Investments	9,721,454	11,731,006
Restricted reserves - current portion	3,229,508	2,165,604
Accounts receivable - rent, net	2,831,724	1,467,101
Accounts receivable - other	51,593	713,260
Loans receivable - current portion	1,222,130	-
Prepaid expenses	2,634,623	2,388,773
Total Current Assets	<u>54,374,845</u>	<u>58,275,946</u>
<u>Noncurrent Assets:</u>		
Restricted reserves	39,549,346	30,913,245
Loans receivable, net	166,288	174,627
Property and equipment, net	1,151,517,628	1,049,643,606
Right of use assets	12,108,730	12,785,740
Derivative financial instruments	5,233,024	3,326,145
Deposits	208,701	110,649
Other assets, net	1,481,251	794,470
Total Noncurrent Assets	<u>1,210,264,968</u>	<u>1,097,748,482</u>
TOTAL ASSETS	<u>\$ 1,264,639,813</u>	<u>\$ 1,156,024,428</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ 7,019,449	\$ 5,510,661
Accounts payable - construction	8,534,049	11,986,860
Security deposits	2,961,270	2,633,693
Deferred revenue	807,697	548,748
Interest payable - amortized debt	3,793,503	1,578,631
Notes payable - amortized debt	7,460,199	4,939,947
Notes payable - residual receipts debt	-	3,179,521
Lease liability - current portion	707,495	656,856
Total Current Liabilities	<u>31,283,662</u>	<u>31,034,917</u>
<u>Noncurrent Liabilities:</u>		
Lease liability	4,008,685	4,719,688
Interest payable - residual receipts debt	39,955,579	36,498,870
Notes payable - amortized debt, net	435,005,520	364,607,000
Notes payable - residual receipts debt, net	260,469,541	258,251,772
Total Noncurrent Liabilities	<u>739,439,325</u>	<u>664,077,330</u>
Total Liabilities	<u>770,722,987</u>	<u>695,112,247</u>
<u>Net Assets:</u>		
Without donor restrictions		
Controlling interest	191,898,870	193,953,002
Non-controlling interest	298,914,653	263,257,273
With donor restrictions:		
Time and purpose restrictions	3,103,303	3,701,906
Total Net Assets	<u>493,916,826</u>	<u>460,912,181</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,264,639,813</u>	<u>\$ 1,156,024,428</u>

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions – Contributed Revenue	\$ 558,020	\$ 1,093,677	\$ 1,651,697	\$ 439,899	\$ 1,376,750	\$ 1,816,649
Developer fees	4,005,657	-	4,005,657	9,667,405	-	9,667,405
Grants	441,890	-	441,890	921,973	-	921,973
Loan interest and investment income	2,599,522	-	2,599,522	2,395,849	-	2,395,849
Other income	7,036,505	-	7,036,505	6,374,494	-	6,374,494
Program income	304,966	-	304,966	301,920	-	301,920
Rental income	73,579,723	-	73,579,723	64,475,464	-	64,475,464
Net assets released from restrictions	1,692,280	(1,692,280)	-	1,042,781	(1,042,781)	-
Total Revenue and Support	90,218,563	(598,603)	89,619,960	85,619,785	333,969	85,953,754
Expenses:						
Program Services:						
Asset management	2,390,204	-	2,390,204	2,347,035	-	2,347,035
Resident Services	5,796,841	-	5,796,841	4,650,007	-	4,650,007
Real estate development	95,698,959	-	95,698,959	91,140,033	-	91,140,033
Rental real estate	5,839,397	-	5,839,397	4,641,197	-	4,641,197
Supportive housing programs	350,966	-	350,966	340,220	-	340,220
Total Program Services	110,076,367	-	110,076,367	103,118,492	-	103,118,492
Supporting Services:						
Management and general	1,707,470	-	1,707,470	1,422,187	-	1,422,187
Fundraising	759,342	-	759,342	693,741	-	693,741
Total Supporting Services	2,466,812	-	2,466,812	2,115,928	-	2,115,928
Total Expenses	112,543,179	-	112,543,179	105,234,420	-	105,234,420
Change in Net Assets Before Other Revenue and (Expense)	(22,324,616)	(598,603)	(22,923,219)	(19,614,635)	333,969	(19,280,666)

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other Revenue and (Expense):						
Loan forgiveness and recovery	11,239	-	11,239	493,760	-	493,760
Obligation under interest rate swap change	1,906,879	-	1,906,879	313,080	-	313,080
Total Other Revenue and (Expense)	1,918,118	-	1,918,118	806,840	-	806,840
Change in Net Assets	(20,406,498)	(598,603)	(21,005,101)	(18,807,795)	333,969	(18,473,826)
Net Assets at Beginning of Year, as restated	-	-	-	448,024,725	3,367,937	451,392,662
Net Assets at Beginning of Year	457,210,275	3,701,906	460,912,181	-	-	-
Contributions/(Distributions), net	54,009,746	-	54,009,746	27,993,345	-	27,993,345
NET ASSETS AT END OF YEAR	\$ 490,813,523	\$ 3,103,303	\$ 493,916,826	\$ 457,210,275	\$ 3,701,906	\$ 460,912,181
	Controlling Interest	Non-controlling Interest	Total	Controlling Interest	Non-controlling Interest	Total
Reconciliation of net assets						
Without donor restriction						
Beginning of year, as previously reported	\$ -	\$ -	\$ -	\$ 147,530,753	\$ -	\$ 147,530,753
Adjustment for consolidation of partnerships with controlling interest	-	-	-	42,826,491	257,667,481	300,493,972
Beginning of year, as restated	-	-	-	190,357,244	257,667,481	448,024,725
Beginning of year	193,953,002	263,257,273	457,210,275	-	-	-
Capital contributions, net of distributions & syndication costs	-	54,009,746	54,009,746	-	27,993,345	27,993,345
Transfers from non-controlling to controlling interests due to buyouts	(310,443)	310,443	-	(2,653,406)	2,653,406	-
Controlling interests in non-profit corporation, limited liability company and limited partnership earnings (losses)	(1,743,689)	-	(1,743,689)	6,249,164	-	6,249,164
Non-controlling interests in limited partnership earnings (losses)	-	(18,662,809)	(18,662,809)	-	(25,056,959)	(25,056,959)
Total net assets without donor restriction	191,898,870	298,914,653	490,813,523	193,953,002	263,257,273	457,210,275
With donor restriction						
Beginning of year	3,701,906	-	3,701,906	3,367,937	-	3,367,937
Change in net assets with donor restriction	(598,603)	-	(598,603)	333,969	-	333,969
Total net assets with donor restriction	3,103,303	-	3,103,303	3,701,906	-	3,701,906
Net assets, end of year	\$ 195,002,173	\$ 298,914,653	\$ 493,916,826	\$ 197,654,908	\$ 263,257,273	\$ 460,912,181

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services		
	Asset Management	Real Estate Development	Rental Real Estate	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>								
Salaries and wages	\$ 1,586,045	\$ 4,087,683	\$ -	\$ 3,513,255	\$ 13,246	\$ 831,069	\$ 241,098	\$ 10,272,396
Payroll taxes	119,776	254,259	-	228,945	1,117	83,231	51,140	738,468
Health insurance and other benefits	186,535	447,101	-	472,906	2,680	156,338	93,532	1,359,092
Temporary and contract personnel	10,530	54,131	-	42,751	517	38,886	24,474	171,289
Total Personnel Expenses	1,902,886	4,843,174	-	4,257,857	17,560	1,109,524	410,244	12,541,245
<u>Occupancy:</u>								
Office rent	95,699	220,721	-	170,604	1,166	90,301	61,374	639,865
Telephone/Internet	2,056	5,374	-	7,692	27	2,026	1,318	18,493
Leasehold improvements	8,925	10,987	-	15,865	5,198	15,417	2,781	59,173
Total Occupancy	106,680	237,082	-	194,161	6,391	107,744	65,473	717,531
<u>Insurance</u>	10,512	23,814	-	36,614	148	10,976	6,602	88,666
<u>Supplies and Other Administrative Costs</u>	77,516	239,075	-	243,774	3,967	147,934	101,427	813,693
<u>Travel</u>	71,479	56,150	-	76,325	967	30,735	7,197	242,853
<u>Professional Fees:</u>								
Other professional services	112,772	85,329	-	80,814	55,056	72,151	44,008	450,130
Equipment and computer services	15,922	32,590	-	43,800	302	23,748	16,702	133,064
Accounting (audit)	18,077	41,405	-	63,195	218	16,943	11,620	151,458
Total Professional Fees	146,771	159,324	-	187,809	55,576	112,842	72,330	734,652
<u>Program/Project Expenses:</u>								
Program/Project related expenses	1,348	2,827	-	680,872	62,512	31,861	66,055	845,475
Property operation cost	2,144	-	62,466,143	-	183,663	-	-	62,651,950
Total Program/Project Expenses	3,492	2,827	62,466,143	680,872	246,175	31,861	66,055	63,497,425
<u>Other Expenses:</u>								
Interest	54,023	85,344	-	123,237	2,011	117,504	21,593	403,712
Depreciation and amortization	6,746	5,650	33,232,816	8,159	17,672	7,929	1,430	33,280,402
Contributions to others	10,099	34,786	-	30,589	499	30,421	6,991	113,385
Property loss	-	109,615	-	-	-	-	-	109,615
Total Other Expenses	70,868	235,395	33,232,816	161,985	20,182	155,854	30,014	33,907,114
TOTAL EXPENSES	\$ 2,390,204	\$ 5,796,841	\$ 95,698,959	\$ 5,839,397	\$ 350,966	\$ 1,707,470	\$ 759,342	\$ 112,543,179

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services		Total
	Asset Management	Real Estate Development	Rental Real Estate	Resident Services	Supportive Housing Programs	Management and General	Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,664,880	\$ 3,100,831	\$ -	\$ 2,887,236	\$ 12,784	\$ 799,844	\$ 8,741,120
Payroll taxes	111,777	221,464	-	184,457	974	71,388	636,910
Health insurance and other benefits	209,203	337,803	-	365,106	1,785	131,450	1,132,716
Temporary and contract personnel	48,795	227,991	-	52,847	503	29,973	367,217
Total Personnel Expenses	2,034,655	3,888,089	-	3,489,646	16,046	1,032,655	10,877,963
<u>Occupancy:</u>							
Office rent	97,860	238,885	-	168,689	5,381	83,133	661,183
Telephone/Internet	2,438	6,371	-	6,964	27	2,099	19,505
Leasehold improvements	10,072	12,404	-	17,905	5,867	17,400	66,785
Total Occupancy	110,370	257,660	-	193,558	11,275	102,632	747,473
<u>Insurance</u>	3,759	8,973	-	11,316	40	2,950	29,012
<u>Supplies and Other Administrative Costs</u>	79,346	213,330	-	204,738	3,008	114,046	704,604
<u>Travel</u>	59,497	37,437	-	53,970	187	11,940	167,701
<u>Professional Fees:</u>							
Other professional services	8,417	113,937	-	92,787	3,261	16,018	249,250
Equipment and computer services	8,440	19,033	-	19,773	247	15,271	67,626
Accounting (audit)	4,583	13,446	-	14,793	50	3,955	39,904
Total Professional Fees	21,440	146,416	-	127,353	3,558	35,244	356,780
<u>Program/Project Expenses:</u>							
Program/Project related expenses	2,488	5,698	-	476,953	83,713	33,142	669,421
Property operation cost	-	-	60,362,779	-	194,615	-	60,557,394
Total Program/Project Expenses	2,488	5,698	60,362,779	476,953	278,328	33,142	61,226,815
<u>Other Expenses:</u>							
Interest	25,822	53,068	-	62,321	14,439	66,727	235,722
Depreciation and amortization	4,255	7,069	30,777,254	8,302	13,101	8,889	30,820,648
Contributions to others	5,403	11,104	-	13,040	238	13,962	46,539
Property loss	-	21,163	-	-	-	-	21,163
Total Other Expenses	35,480	92,404	30,777,254	83,663	27,778	89,578	31,124,072
TOTAL EXPENSES	\$ 2,347,035	\$ 4,650,007	\$ 91,140,033	\$ 4,641,197	\$ 340,220	\$ 1,422,187	\$ 105,234,420

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (21,005,101)	\$ (18,473,826)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gains from investments	(1,038,248)	(782,837)
Unrealized gains on derivative financial instruments	(1,906,879)	(313,081)
Depreciation and amortization	33,280,402	30,820,648
Amortization of right of use assets	677,010	658,214
Amortization of permanent loan costs	787,866	758,177
Loan forgiveness and recovery	-	(493,760)
(Increase) decrease in assets:		
Accounts receivable - rent, net	(1,364,623)	(11,589)
Accounts receivable - other	(51,593)	-
Prepaid expenses	(245,850)	(485,376)
Loans receivable, net	5,080	22,540
Deposits	(98,052)	79,934
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,508,788	2,830,162
Security deposits	327,577	296,171
Deferred revenue	258,949	(69,226)
Interest payable	4,820,914	(776,311)
Lease liability	(660,364)	(596,112)
Net cash provided by operating activities	<u>15,295,876</u>	<u>13,463,728</u>
Cash flows from investing activities:		
Decrease in investments	3,047,800	1,000,000
Decrease in accounts payable - construction	(6,378,735)	-
Increase in loans receivable, net	(1,218,871)	-
Purchase of property and equipment	(131,217,478)	(114,259,142)
Increase in other assets	(847,136)	(101,212)
Net cash used in investing activities	<u>(136,614,420)</u>	<u>(113,360,354)</u>
Cash flows from financing activities:		
Decrease in accounts receivable - other	713,260	3,951,267
Repayments of notes payable	(62,025,681)	(46,932,938)
Proceeds from notes payable	134,467,390	115,639,695
Payments of permanent loan costs	(1,272,555)	(2,238,220)
Capital contributions from non-controlling interests	54,650,622	29,198,712
Capital distributions to non-controlling interests	(463,593)	(536,949)
Payments of syndication costs	(177,283)	(668,418)
Net cash provided by financing activities	<u>125,892,160</u>	<u>98,413,149</u>
Net change in cash and restricted cash	4,573,616	(1,483,477)
Cash and restricted cash at beginning of year	<u>72,889,051</u>	<u>74,372,528</u>
Cash and restricted cash at end of year	<u>\$ 77,462,667</u>	<u>\$ 72,889,051</u>
Supplementary information:		
Cash paid for interest	<u>\$ 20,773,732</u>	<u>\$ 23,424,371</u>
Noncash investing and financing activities:		
Increase in accounts payable - construction and interest payable and increase in property and equipment	<u>\$ 6,154,139</u>	<u>\$ 12,574,409</u>
Increase in accounts receivable - other and increase in notes payable	<u>\$ -</u>	<u>\$ 713,260</u>

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1 - Organization

The consolidated financial statements include the following entities which are collectively referred to as the “Organization”. The real estate entities that are wholly owned or consolidated through general partner controlling interest are summarized on pages 46-48, which includes the partnership name, property name and ownership details.

Community HousingWorks

Community HousingWorks (“CHW”) 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, older adults 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, across California and in Texas. With 4,971 rental apartments in 52 communities statewide, the Organization proudly served more than 11,184 residents in 2024.

The Organization delivers onsite programs to give residents the knowledge, tools, and hope to achieve their goals and dreams. CHW's approach is to provide families, older adults 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. During these stages, the partnerships or LLCs are controlled by CHW or its affiliated not-for-profit entities or majority-owned and therefore included in the consolidated financial statements. The first stage typically is a development period during which CHW, or a wholly controlled affiliate, owns 100% of the property. After a development period of time, which may be as much as two years, the property is sold into a limited partnership 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. The compliance and related tax benefit period for these entities lasts for 15 years. After 15 years, the limited partner typically exits and the project enters a third stage. 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.

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 Listing of Affiliates.

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 Listing of Affiliates.

Escondido Family Housing Corporation

Escondido Family Housing Corporation, a California Nonprofit Corporation (“Escondido”), has partnership interests as summarized in the supplementary Listing of Affiliates which represent 100% of the assets of Escondido.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1 - Organization: (Continued)

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation has no assets at December 31, 2024 and 2023.

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

Rental Communities

Real Estate Development

CHW develops and owns affordable, attractive and sustainable rental communities across California that people are proud to call home. Over 11,184 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 international Urban Land Institute Award of Excellence for the Americas.

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. As of December 31, 2024 and 2023, CHW's permanent affordable housing portfolio operates at 98% and 99% occupancy, respectively, 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.

Resident Services Programs

Community HousingWorks has long held the core belief that with a safe, stable home, and community support our residents can forge stronger futures. This belief, and our commitment to resident success, 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 all our apartment communities (subject to funding). CHW is one of the major housing non-profit organizations in the country that enhances project service fees with donations from individual donors and grants to ensure effective programs.

In line with our resident driven approach, we conduct resident opportunity and needs assessments along with a community scan to ensure that our programs are tailored to the needs and context of the residents we serve.

CHW provides services through both onsite staff, partners, and in-kind volunteers, enhancing sustainability and flexibility to adapt services based on needs and available resources. We are committed to evaluating the impact of our core services to consistently enhance results.

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

1. Financial Well-being

Community HousingWorks' innovative financial well-being programs meet 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.
- **Financial Security** (*meet day-to-day financial obligations*). Community Housing Works' Family Asset Building class uses a group-coaching model to help residents more effectively manage their money and make positive financial choices to meet self-identified goals.
- **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.

2. Next Generation Success

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

- **Study Stars Afterschool Program.** Community HousingWorks' own Study Stars program focuses on achieving grade level reading for K-8th 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.
- **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.
- **Career Pathways.** Through a comprehensive workforce development strategy, the goal is to help adolescent and young adult residents who are both on a non-traditional and traditional college trajectory develop skills, earn key credentials, explore a full range of post-secondary options, and find employment in high-demand and competitive occupations.

3. Health and Wellness

CHW links residents with community partner programs to enhance the self-sufficiency of older adults and residents with disabilities, encourage healthy living, and empower residents to take charge of their health and well-being.

- **Older Adult Programs.** CHW offers onsite services and activities, to support older adult 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. 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. Some CHW communities are 100% supportive housing. We often include homeless residents as part of larger affordable communities, starting with our innovative integration of homeless families into Cedar Apartments (Vista) in 1994. CHW apartments serve homeless men and women with HIV/AIDS, homeless veterans, homeless and disabled older adults, TAY (Transitional Age 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. The organization offers secure housing for those in need. CHW operates 170 supportive housing units across 15 communities and 13 community centers.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

3. Health and Wellness (Continued)

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
Amanecer	San Diego	18	Supportive units for Transition Aged Youth, 8 units, and Veteran Affairs Supportive Housing (VASH), 10 units
Avocado Court	Escondido	8	Permanent supportive homes for homeless, disabled veterans
Hillside Village, Parkview Terrace	Poway	7	Up to 5 transitional supportive homes for victims of domestic violence; 2 permanent homes for developmentally disabled adults in Hillside Village
Kalos	San Diego	5	Up to 5 units for vulnerable Transitional Aged Youth, ages 18-24, at Kalos
Las Casitas Washington/Maple	Escondido	14	Permanent supportive homes for homeless families recovering and reuniting from substance abuse
Marisol	Oceanside	22	Permanent supportive housing units for disabled individuals living with HIV/AIDS; 10 HOPWA
North Santa Fe	Vista	10	Supportive units for Transition Aged Youth (TAY)
Old Grove	Oceanside	4	HOPWA (HIV/AIDS)
Puesta del Sol	San Diego	6	Permanent Supportive homes for Chronically Homeless Older Adults
Manzanita	Escondido	6	Supportive homes for homeless, disabled veterans
North Park Seniors	San Diego	8	Permanent Supportive Homes for Seniors 55+
Keeler Court	San Diego	7	Veterans Affairs Supportive Housing (VASH) Units

Note 2 – Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of CHW and other not-for-profit entities that are commonly controlled by CHW's officers or board of directors, including those not-for-profit entities that are majority-owned, controlled by CHW, or its affiliated not-for-profit entities. Other not-for-profit entities, over which CHW does not exercise majority control, are not included in the consolidated financial statements.

The consolidated financial statements include the accounts of limited partnerships in which CHW is the controlling general partner or the sole member of the LLCs who in turn holds the general partner interest in the limited partnerships. The general partners in the limited partnerships have controlling interest, regardless of ownership interest, as the limited partners do not have substantive kick-out rights or substantive participating rights.

The Organization's partnership interests generally range from .005% to 1.0% and are shown as controlling interests in net assets without donor restrictions. Limited partners' or members' capital interests generally range from 99% to 99.995% and are presented as noncontrolling interests in net assets without donor restrictions.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 – Significant Accounting Policies (Continued)

Principles of consolidation (continued)

All material intercompany balances and transactions have been eliminated in the consolidated financial statements.

Accounting Method

The Organization prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

- 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.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition. The Organization considers certificates of deposits that may be redeemed without a significant penalty to be cash and cash equivalents, regardless of the maturity.

Restricted cash (or “Restricted reserves”) is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance, debt service payments, payments of tenant service fees, payments of asset management fees, and refunds of tenant security deposits. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

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 statement of cash flows at December 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 34,683,813	\$ 39,810,202
Restricted reserves	42,778,854	33,078,849
Total cash and cash equivalents and restricted cash	<u>\$ 77,462,667</u>	<u>\$ 72,889,051</u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 – Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has made reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2024 and 2023, the balance of the allowance for doubtful accounts was \$375,262 and \$734,947, respectively.

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, 2024 and 2023.

Loans Receivable and Credit Losses

Loans receivables 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 receivables are recorded at the lower 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 \$19,000 and \$20,000 at December 31, 2024 and 2023, respectively. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. There were no collection losses for the years ended December 31, 2024 and 2023. 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, 2024 and 2023.

Fair Value Measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Unobservable inputs that reflect the Organization's own assumptions.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 – Significant Accounting Policies (Continued)

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 are depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

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

Interest in the total amount of \$3,228,215 and \$6,378,735 for the years ended December 31, 2024 and 2023, respectively, was capitalized and is included in construction in progress.

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, 2024 and 2023 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, 2024 and 2023. Accordingly, the Organization will continue to monitor circumstances and events in future periods to determine whether any impairment is warranted.

Deferred Charges and Amortization

Deferred charges are recorded at cost and amortized on a straight-line basis. Tax credit fees are amortized over the tax credit compliance period.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are stated at cost and amortized into interest expense over the term of the loan on a straight-line basis, which approximates the effective interest method. Permanent loan costs are reported as a direct deduction from the face amount of the related obligation.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 – Significant Accounting Policies (Continued)

Derivative Instruments

The Organization recognizes all derivatives on the consolidated statement of financial position at fair value. Derivatives that do not qualify for hedge accounting are adjusted to fair value through income. If the derivative is a hedge instrument, depending on the nature of the hedge transaction, the changes in the fair value of derivative instrument are either offset against the earnings of the hedged item or recognized in other revenue (expenses) in net assets until the hedged item is recognized in earnings. The ineffective portion of a derivative hedge instrument is immediately recognized in earnings. The Organization is a party to derivative instruments for the purpose of limiting its exposure to interest rate fluctuations through the use of an interest rate swap. Net amounts received or paid under the swap arrangement are recorded as an offset to interest expense. Derivatives are held only for the purpose of hedging or limiting such risks, not for speculation. As of December 31, 2024 and 2023, none of the Organization's derivatives qualifies as a hedge instrument.

Revenue 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. 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.

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 receivables 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.

The Organization is the lessor of affordable housing projects and accounts for tenant leases as operating leases. The Organization determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

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.

Developer fee profits recognized from consolidated affiliates are eliminated as intercompany transactions. The Organization estimates that 83.92% of its developer fees cover related project costs in 2024 and 2023. Project costs include costs of development, such as allocated internal salaries and benefits, related overhead, service providers, and other non-reimbursed fees that are ordinarily capitalized. For the years ended December 31, 2024 and 2023, 16.08% of developer fees have been eliminated based on its profit margin.

Sales of property and equipment are recognized on the date the sale occurs. 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.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023 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 of time incurred and on usage of resources.

Income Taxes

CHW, Esperanza, Escondido, Community Housing Solutions, 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 are not private foundations.

Income taxes on partnership and LLC income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the consolidated Partnerships and Limited Liability Companies are recognized by each partner and member on its respective tax return.

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. The federal and state income tax returns for the years 2020 through 2023 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

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.

Leases

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. The Organization uses the risk-free rate at the commencement date in determining the present value of the lease payments.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 – Significant Accounting Policies (Continued)

Leases (continued)

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreement does not contain any material residual value guarantee or material restrictive covenants. Lease expense for lease payments is recognized on the straight-line basis over the lease term.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to 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, 2025, 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.

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 34,683,813	\$ 39,810,202
Investments	9,721,454	11,731,006
Accounts receivable – rent, net	2,831,724	1,467,101
Total financial assets	47,236,991	53,008,309
Less assets unavailable for general expenditures:		
Cash and investments held for board-designated purposes	(43,315,752)	(35,109,968)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,921,239</u>	<u>\$ 17,898,341</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 as described in Note 9. 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 13. 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 AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 4 – Investments

The following table summarizes the Organization's investments measured at fair value by classification within the fair value hierarchy at December 31:

	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2024
Investments:				
Fixed income funds	\$ 5,174,408	\$ -	\$ -	\$ 5,174,408
Equity funds	4,387,644	-	-	4,387,644
U.S. Treasury bills	-	159,402	-	159,402
Total	<u>\$ 9,562,052</u>	<u>\$ 159,402</u>	<u>\$ -</u>	<u>\$ 9,721,454</u>

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2023
Investments:				
Fixed income funds	\$ 6,274,945	\$ -	\$ -	\$ 6,274,945
Equity funds	4,262,614	-	-	4,262,614
U.S. Treasury bills	-	1,193,447	-	1,193,447
Total	<u>\$ 10,537,559</u>	<u>\$ 1,193,447</u>	<u>\$ -</u>	<u>\$ 11,731,006</u>

Note 5 – 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:

	2024	2023
Impounds	\$ 3,149,949	\$ 2,165,604
Replacement reserves	20,500,178	15,444,546
Operating reserves	12,975,530	12,088,969
Resident services reserves	355,485	310,336
Tenant security deposits	2,743,022	2,518,881
Other	3,054,690	550,513
Total	<u>42,778,854</u>	<u>33,078,849</u>
Less: current portion	<u>(3,229,508)</u>	<u>(2,165,604)</u>
Non-current portion	<u>\$ 39,549,346</u>	<u>\$ 30,913,245</u>

Impounds

Certain properties are required to make deposits to impound accounts to cover property taxes, insurance premiums, reserve deposits, and mortgage payments in accordance with lenders' regulatory agreements.

Replacement and Operating Reserves

Certain properties are required to maintain operating reserves as well as replacement and repair reserves for property and equipment in accordance with partnership and lenders' regulatory agreements.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 5 – Restricted Reserves (Continued)

Resident Services Reserves

Certain properties are required to maintain resident services reserves in accordance with relevant partnership agreements and the lenders' regulatory agreements. The reserves shall be used to pay for tenant services.

Tenant Security Deposits

Properties are required to hold security deposits in separate bank accounts in the names of the properties.

Other

Based on various loan and limited partnership agreements, certain properties and the Corporation are required to establish various other reserves for the purpose of debt service, excess income, capital improvements, and maintenance.

Note 6 – 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>2024</u>	<u>2023</u>
Neighborhood Reinvestment Corporation	3.00%-6.50%	10 years	\$ -	\$ 121
First Mortgage	6.25%	30 years	185,288	194,506
Alamo Area Mutual Housing Association, Inc.	Variable	December 31, 2025	1,222,130	-
Total loans receivable			1,407,418	194,627
Less: allowance for collection losses			(19,000)	(20,000)
Less: current portion			(1,222,130)	-
Loans receivable – long-term portion			<u>\$ 166,288</u>	<u>\$ 174,627</u>

On November 26, 2024, CHW entered into a secured revolving line-of-credit note, which is held by Alamo Area Mutual Housing Association, Inc. ("Alamo") in the original amount of \$2,000,000, and bears interest at the Daily Simple SOFR rate plus 2% per annum (4.49% at December 31, 2024). Interest is payable monthly. The line-of-credit note expires December 31, 2025. Outstanding balance on the line-of-credit at December 31, 2024 was \$1,218,871 and interest receivable was \$3,259.

Note 7 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 117,851,460	\$ 79,140,541
Land improvements	45,944,861	45,000,901
Buildings and improvements	1,073,483,971	986,956,579
Equipment	38,148	38,148
Furniture and fixtures	34,027,904	31,956,066
Vehicles and trailer	3,483	3,483
Construction in progress	145,029,473	143,567,126
Subtotal	1,416,379,300	1,286,662,844
Less: accumulated depreciation	(264,861,672)	(237,019,238)
Property and equipment, net	<u>\$ 1,151,517,628</u>	<u>\$ 1,049,643,606</u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 7 – Property and Equipment (Continued)

Depreciation expense was \$33,120,047 and \$30,666,485 for the years ended December 31, 2024 and 2023, respectively.

Note 8 – Deferred Charges and Amortization

The Organization's deferred charges consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Tax credit fees	\$ 2,870,639	\$ 2,023,503
Less: accumulated amortization	(1,389,388)	(1,229,033)
Total deferred charges, net	<u>\$ 1,481,251</u>	<u>\$ 794,470</u>

Amortization totaled \$160,355 and \$154,163 for the years ended December 31, 2024 and 2023, respectively.

Note 9 – 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 (7.50% and 8.50% at December 31, 2024 and 2023, respectively). Interest is payable monthly. The line-of-credit note expired on April 1, 2025. There was no outstanding balance on the line-of-credit at December 31, 2024 and 2023.

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 per annum at a rate equal to the higher of 7% or the index rate plus 0.75%. Interest is payable monthly. The line-of-credit note expired on September 15, 2023, and was renewed on November 1, 2023, with an expiration date of September 15, 2025. As of December 31, 2024 and 2023, the outstanding balance was \$2,000,000 and \$0, respectively.

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 3.632% per annum. Interest is payable monthly. The line-of-credit note was renewed in 2024, with an expiration date of August 27, 2025. There was no outstanding balance on the line-of-credit at December 31, 2024 and 2023.

Note 10 – Notes Payable – Amortized Debt

The Organization obtains financing through notes that are amortized and are payable in monthly installments based on the respective loan agreements. Interest accrued on these notes based on the stated rate in the note agreement with simple interest rates ranging from 0.80% to 8.76% and variable interest rates ranging from LIBOR rate plus 1.45% and 79% of the LIBOR rate plus 2.5% (LIBOR was used up until the termination of LIBOR in June 2023 at which point SOFR was used), as well as a variable interest rate of SOFR plus rates ranging from 1.35% to 2.0%. To hedge against the variable interest rates, interest rate swap agreements were executed to convert the variable rates to fixed rates (see Note 12). These notes are each secured by a deed of trust on the property indicated below.

Debt issuance costs total \$13,023,315 and \$11,750,760, less accumulated amortization of \$3,630,745 and \$2,843,149, respectively, at December 31, 2024 and 2023, respectively.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 10 – Notes Payable – Amortized Debt (Continued)

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

Year ending December 31,

2025	\$	7,460,199
2026		34,636,086
2027		40,206,232
2028		9,084,814
2029		34,705,297
Thereafter		<u>325,765,661</u>
Total		451,858,289
Less: Unamortized debt issuance costs		<u>(9,392,570)</u>
Total, Net	\$	<u>442,465,719</u>

The outstanding balances of the construction loans have been excluded from current maturities since the amounts will be paid off with capital contributions from limited partners and with proceeds from other permanent loans.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 10 – Notes Payable – Amortized Debt (Continued)

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

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Community HousingWorks						
Northern Trust Company	Community HousingWorks	September 12, 2028	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Poway Villas Community Housing Association	Community HousingWorks	April 1, 2026	-	2,500,000	18,750	2,500,000
U.S. Bank, N.A.	Community HousingWorks	March 1, 2026	6,000	3,000,000	6,000	3,000,000
Wells Fargo Bank, N.A.	Community HousingWorks	February 15, 2028	5,000	1,000,000	5,000	1,000,000
U.S. Bancorp Community Development Corp	Community HousingWorks	July 1, 2028	-	2,000,000	-	2,000,000
U.S. Bank, N.A.	Community HousingWorks	February 1, 2027	4,219	750,000	4,219	750,000
Western Alliance	Community HousingWorks	December 31, 2025	7,333	2,000,000	-	-
Housing Partnership Fund	Community HousingWorks	March 11, 2031	11,625	3,000,000	-	-
Century Housing Corporation	1st & Townsend	May 1, 2026	-	4,100,000	-	-
Citibank, N.A.	15th Avenue	September 1, 2025	75	20,513	171	46,838
U.S. Bank, N.A.	Amanecer	December 28, 2038	-	475,276	-	498,000
Housing Authority of San Diego	Amanecer	December 28, 2038	-	2,419,495	-	2,567,070
Pacific Life Insurance Company	Avocado Court	August 1, 2031	5,074	946,818	5,074	973,262
Red Mortgage Capital	Azusa Apartments	March 1, 2055	51,436	14,214,308	51,436	14,442,335
BMO Bank NA	Bandar Salaam Apartments	June 23, 2026	-	5,371,945	-	-
CA Municipal Finance Authority (CMFA)/JP Morgan Chase	Cedar Nettleton	June 1, 2036	15,480	3,994,512	15,480	4,064,887
SDHC	Cortez Hill (Development)	April 30, 2080	237,376	4,250,000	72,076	3,750,000
Banner Bank	Cortez Hill (Development)	January 1, 2026	-	12,016,124	-	1,278,759
Community Housing Capital, Inc.	Georgia Street	August 7, 2027	-	3,240,000	-	-
Bank of America	Highland Kimball (Development)	June 1, 2025	279,799	49,399,054	-	22,478,810
The Housing Authority of the City of San Diego (HACSD)	Kalos	July 1, 2043	24,935	4,650,466	24,935	4,788,384
HACSD	Keeler Court	March 1, 2039	18,797	4,628,213	18,797	4,672,482
CMFA/U.S. Bank, N.A.	Kimball Tower	March 1, 2037	49,012	10,973,005	55,599	11,099,691
NewPoint Real Estate Capital LLC	Las Haciendas	December 1, 2039	762,804	4,587,000	-	-
Wells Fargo	Las Haciendas	March 17, 2024	-	-	-	21,005,741
CMFA/U.S. Bank, N.A.	Los Robles	June 1, 2031	17,072	4,185,550	17,072	4,313,009
California Statewide Communities Development Authority (CSCDA)	Manzanita	June 1, 2032	71,474	18,698,061	71,474	19,052,974

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 10 – Notes Payable – Amortized Debt (Continued)

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Community HousingWorks (Continued)						
California Housing Finance Agency (CalHFA)	Maplewood	March 1, 2034	17,488	4,229,227	17,488	4,302,389
Banc of America Public Capital Corp	Mayberry	September 1, 2035	22,754	5,607,315	22,754	5,705,862
CCRC	Mission Cove Seniors	January 1, 2036	25,231	5,549,928	25,231	5,627,989
CSCDA	Morgan Tower	December 1, 2037	80,878	19,078,498	95,035	19,304,234
HACSD	North Park Seniors	July 1, 2035	17,390	3,898,085	17,390	3,999,806
U.S. Bank, N.A.	North Santa Fe	March 1, 2031	13,383	2,461,409	13,383	2,516,739
CFMA	Oak Knoll Villas	November 1, 2040	10,126	1,734,272	10,126	1,796,865
U.S. Bank, N.A.	Paradise Creek	June 1, 2032	13,082	2,743,218	13,544	2,783,719
U.S. Bank, N.A.	Paradise Creek II	January 1, 2054	10,950	3,404,261	11,151	3,466,513
CSCDA	Parks at Fig Garden	January 1, 2033	-	17,932,593	-	18,230,887
CSCDA	Parkside Terrace	January 1, 2037	-	31,942,595	-	32,355,674
California Community Reinvestment Corporation (CCRC)	Paseo Artist Village	November 1, 2037	11,162	3,468,608	11,162	3,520,969
Jones Lang LaSalle Multifamily, LLC	Portola Senior Apartments	October 1, 2024	-	-	-	10,069,780
Jones Lang LaSalle Multifamily, LLC	Portola Senior Apartments	October 1, 2024	-	-	-	1,119,184
Banc of California	Portola Senior Apartments	October 1, 2041	-	5,872,488	-	-
U.S. Bank, N.A.	Poway Villas	February 1, 2043	16,659	3,353,342	16,659	3,454,235
CMFA	Poway Villas	February 1, 2033	7,463	1,368,839	7,463	1,503,008
CalHFA	Salvator	November 1, 2053	-	13,432,036	-	13,596,472
Community Housing Capital, Inc.	San Pablo	September 30, 2027	-	2,835,000	-	-
CSCDA	Sun Ridge	September 1, 2033	-	22,159,024	-	22,537,763
CSCDA	The Groves	December 1, 2033	-	6,903,055	-	7,026,030
CSCDA	Turnagain Apartments	April 1, 2045	-	2,437,737	-	2,507,855
CSCDA	Turnagain Apartments	April 1, 2028	-	193,407	-	247,490
JP Morgan Chase	Ulric Street Apartments II	October 1, 2024	-	-	-	19,061,983
First Republic Bank	Ulric Street Apartments II	May 1, 2037	-	7,969,618	-	-
U.S. Bank, N.A.	Windsor Gardens	June 1, 2038	11,119	3,549,199	11,119	3,609,710
Esperanza						
Hunt Capital Partners, LLC	Alabama Manor	April 1, 2038	2,962	641,992	2,962	673,244
Bank of America	Bandar Salaam	October 1, 2031	-	-	4,033	509,130
CitiCorp	Daybreak/Sunrise	April 1, 2024	-	-	75	4,725

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 10 – Notes Payable – Amortized Debt (Continued)

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Esperanza (Continued)						
CA HCD	Fallbrook View	February 1, 2029	364	298,193	364	367,931
JPMorgan Chase	Hillside Village	December 1, 2033	6,141	832,509	6,141	894,626
Berkadia Commercial Mortgage LLC	La Costa Paloma	January 1, 2029	45,473	16,892,436	45,473	17,281,984
Citibank, N.A.	Las Serenas	October 1, 2029	60,737	14,115,816	60,737	14,272,665
CalHFA	Old Grove	May 1, 2034	2,449	484,939	2,449	523,319
Pacific Life	Orange Place	January 1, 2027	964	133,917	964	176,566
NEF Preservation PB Fund I LP	Park at Woodland Springs	October 31, 2027	1,447,010	27,370,055	799,645	27,370,055
Pacific Life	Park View Terrace	December 1, 2028	5,682	595,480	5,682	716,212
U.S. Bank, N.A.	Solara	March 1, 2026	11,518	2,002,132	11,518	2,036,703
Century Housing Corporation	Stadium Village	October 1, 2034	28,125	10,782,184	-	-
Inglewood Home Assist Fund	Stadium Village	September 30, 2034	57,112	11,250,000	-	-
NEF Preservation PB Fund I LP	TwentyFive25	August 26, 2029	299,770	30,914,542	-	-
Total			3,793,503	451,858,289	1,578,631	378,454,558
Less: Current portion			(3,793,503)	(7,460,199)	(1,578,631)	(4,939,947)
Less: Unamortized debt issuance costs			-	(9,392,570)	-	(8,907,611)
Total, Net			\$ -	\$ 435,005,520	\$ -	\$ 364,607,000

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 11 – 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 for each year, less accumulated amortization of \$8,850 and \$8,580, respectively, at December 31, 2024 and 2023, respectively.

The notes payable and accrued interest consist of the following at December 31, 2024 and 2023:

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Community Housing Works						
City of Escondido	Las Casitas	February 1, 2039	\$ 141,415	\$ 182,355	\$ 135,929	\$ 182,355
City of Escondido	Las Casitas	March 2, 2039	20,296	122,000	16,115	122,000
City of Escondido	Las Casitas	September 27, 2073	94,600	139,000	90,930	139,000
City of Escondido	Las Casitas	December 31, 2029	-	170,000	-	170,000
Western Alliance Bank	Community Housing Works	January 1, 2033	-	750,000	-	750,000
U.S. Bank, N.A.	Community Housing Works	December 1, 2074	-	700,000	-	700,000
FHLB of Atlanta	Community Housing Works	June 21, 2076	-	500,000	-	500,000
Citibank	15th Ave	December 6, 2048	352,993	580,000	335,593	580,000
City of Escondido	15th Ave	December 8, 2033	90,763	160,000	85,963	160,000
HCD	Amanecer	December 1, 2078	546,677	18,222,571	-	18,599,804
County of San Diego	Amanecer	October 15, 2075	814,282	7,000,000	604,282	7,000,000
SDHC	Amanecer	September 30, 2077	768,696	7,000,000	558,696	7,000,000
Torrey Pines Bank	Avocado Court	May 1, 2035	274,655	1,000,000	256,113	1,000,000
City of Escondido	Avocado Court	September 1, 2058	-	200,000	-	200,000
City of Escondido	Avocado Court	March 1, 2067	-	350,000	-	350,000
City of Escondido	Avocado Court	March 7, 2067	151,544	477,111	142,696	477,111
SDHC	Bandar Salaam Apartments	May 31, 2079	83,286	3,393,823	-	-
City of San Diego	Cortez Hill (Development)	January 1, 2026	-	1,260,000	-	1,260,000
National City	Highland Kimball (Development)	55 years after CoO	850,295	10,482,000	534,974	10,482,000
National City	Highland Kimball (Development)	November 17, 2075	180,247	3,000,000	90,000	3,000,000
SDHC	Kalos	February 23, 2064	2,991,760	6,965,583	2,782,793	6,965,583
City of San Diego	Kalos	July 18, 2066	1,909,634	4,816,660	1,777,872	4,816,660
City of San Diego	Keeler Court	November 1, 2076	714,471	5,693,400	543,669	5,693,400

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 11 – Notes Payable - Residual Receipts Debt (Continued)

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Community Housing Works (Continued)						
HCD	Keeler Court	August 30, 2077	417,462	7,188,481	232,000	7,188,481
CDC - City of National City	Kimball Tower	March 25, 2074	818,901	18,914,536	598,477	18,914,536
Pacific Premier Bank	Kimball Tower	April 1, 2076	-	1,490,000	-	1,490,000
City of Temecula	Las Haciendas	December 8, 2076	-	9,629,143	497,198	8,666,229
Los Robles CHA	Los Robles	December 31, 2068	1,195,230	5,674,977	1,017,218	5,674,977
City of Escondido	Manzanita	May 15, 2071	33,099	1,091,218	32,737	1,091,218
County of San Diego	Maplewood	May 28, 2054	474,882	1,376,364	472,233	1,376,364
Poway Villas CHA	Mayberry	December 31, 2070	238,899	866,491	210,467	866,491
SDHC	Mayberry	December 31, 2071	109,492	905,648	115,909	905,648
City of San Diego	Mayberry	December 1, 2062	222,648	799,370	198,667	799,370
City of San Diego	Mayberry	December 1, 2062	106,737	799,957	91,254	799,957
City of Oceanside	Mission Cove Seniors	June 1, 2073	109,226	1,490,289	64,517	1,490,289
City of Oceanside	Mission Cove Seniors	June 1, 2073	-	8,280,000	-	8,280,000
CDC - City of National City	Morgan Tower	March 1, 2074	441,505	14,124,356	294,152	14,124,356
Pacific Premier Bank	Morgan Tower	April 1, 2076	-	1,500,000	-	1,500,000
SDHC	North Park Seniors	July 31, 2073	1,847,576	7,000,000	1,654,479	7,000,000
Poway Housing Authority	Oak Knoll Villas	February 1, 2063	55,669	8,151,749	40,537	8,151,749
CDC - City of National City	Paradise Creek	November 19, 2069	10,777	5,721,643	10,877	5,774,604
HCD	Paradise Creek II	November 10, 2071	310,626	3,760,617	267,927	3,760,617
CDC of the City of Vista	Paseo Artist Village	March 17, 2077	1,008,697	7,975,000	746,340	7,975,000
CDC of the City of Vista	Paseo Artist Village	March 17, 2107	-	5,080,000	-	5,080,000
County of San Diego HCD	Paseo Artist Village	December 31, 2076	83,572	625,000	64,771	625,000
SRC-PH Investments	Portola Senior Apartments	March 1, 2024	-	-	-	3,179,521
SRC-PH Investments	Portola Senior Apartments	March 1, 2079	383,222	3,448,998	245,262	3,448,998
Poway Villas CHA	Poway Villas	December 31, 2066	1,039,052	5,163,717	839,149	5,163,717
CalHFA	Salvator	November 1, 2053	241,031	7,287,347	40,080	7,287,347
Column Financial, Inc.	Sun Ridge	August 31, 2072	-	3,000,000	-	3,000,000
Turnagain Arms CHA	Turnagain Apartments	December 31, 2064	2,075,940	6,388,767	1,841,337	6,388,767
County of San Diego	Ulric Street Apartments II	November 1, 2053	337,165	4,075,000	213,887	3,667,500
City of Escondido	Windsor Gardens	May 27, 2076	1,104,151	10,800,000	873,252	10,800,000
City of Escondido	Windsor Gardens	August 7, 2074	74,938	785,600	51,370	785,600

COMMUNITY HOUSINGWORKS AND AFFILIATES
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Note 11 – Notes Payable - Residual Receipts Debt (Continued)

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Esperanza						
SDHC	Alabama Manor	December 31, 2063	-	3,724,118	-	3,740,662
CA HCD	Alabama Manor	November 1, 2063	1,040,344	2,650,000	964,379	2,650,000
SDHC	Bandar Salaam	July 1, 2055	-	-	1,272,139	2,100,000
CA HCD	Daybreak/Sunrise	July 28, 2053	609,684	846,000	599,987	846,000
City of Escondido	Daybreak/Sunrise	December 4, 2021 ⁽¹⁾	408,350	502,407	393,278	502,407
CalHFA	Eucalyptus View	November 1, 2056	-	63,092	-	63,092
City of Escondido	Eucalyptus View	October 1, 2055	20,598	125,000	16,848	125,000
City of Escondido	Eucalyptus View	October 1, 2055	348,795	480,945	334,367	480,945
San Diego HCD	Fallbrook View	October 24, 2057	838,791	1,263,000	800,901	1,263,000
CA HCD	Fallbrook View	October 24, 2042	925,773	1,400,000	883,773	1,400,000
Poway Housing Authority	Hillside Village	June 1, 2058	2,059,437	3,930,370	1,941,526	3,930,370
SDHC	Las Serenas	June 1, 2036	2,347,886	6,100,000	2,366,194	6,100,000
County of San Diego	Marisol	January 15, 2052	189,905	249,746	191,116	249,746
City of Oceanside	Marisol	February 20, 2052	-	310,797	-	310,797
City of Oceanside	Marisol	August 19, 2036	-	70,000	-	70,000
County of San Diego	Marisol	February 20, 2052	256,464	400,000	272,748	400,000
City of Oceanside	Old Grove	August 1, 2058	734,947	1,385,000	693,397	1,385,000
CalHFA	Old Grove	May 1, 2059	-	96,160	-	96,160
San Diego HCD	Old Grove	September 1, 2058	138,000	200,000	132,000	200,000
CA HCD	Old Grove	May 1, 2059	1,081,821	2,490,000	1,017,579	2,490,000
City of Escondido	Orange Place	February 20, 2050	227,970	400,000	215,970	400,000
City of Escondido	Orange Place	February 11, 2051	511,887	763,516	488,982	763,516
City of Escondido	Orange Place	December 31, 2049	-	250,000	-	250,000
SDCF Charitable Real Estate Fund	Park View Terrace	March 15, 2039	4,136,050	3,708,006	3,932,110	3,708,006
Bank of America Community Development Bank	Park View Terrace	October 1, 2054	-	90,000	-	90,000
Poway Housing Authority	Solara	February 1, 2062	331,229	564,763	314,286	564,763
San Diego HCD	Solara	February 1, 2061	389,164	849,767	375,195	849,767
Escondido						
CA HCD	Esperanza Garden	May 1, 2035	632,373	1,000,000	622,373	1,000,000

⁽¹⁾ The City of Escondido is in the process of approving an extension as of December 31, 2024.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 11 – Notes Payable - Residual Receipts Debt (Continued)

Lender	Property	Maturity Date	2024 Interest	2024 Principal	2023 Interest	2023 Principal
Total			39,955,579	260,471,458	36,498,870	261,433,480
Less: Current portion			-	-	-	(3,179,521)
Less: Unamortized debt issuance costs			-	(1,917)	-	(2,187)
Total, Net			<u>\$ 39,955,579</u>	<u>\$ 260,469,541</u>	<u>\$ 36,498,870</u>	<u>\$ 258,251,772</u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 12 – Derivative Financial Instruments

Certain limited partnerships entered into interest rate swap agreements to potentially minimize the effect of changes in the variable interest rates of construction and permanent loans. The counterparty to the swap has estimated the fair value of the swap agreements by discounting an estimate of the amounts of interest to be paid and an estimate of the amounts of interest to be received, net interest payable, during the swap agreement periods. Based on information obtained from the swap counterparty regarding marketability of these interest rate swap contracts, management believes that the contracts qualify as derivative financial instruments in accordance with GAAP. At December 31, 2024 and 2023, derivative financial instruments were \$5,233,024 and \$3,326,145, respectively.

Details of interest rate swap transactions are as follows:

Effective date	2013 through 2021
Termination date	2030 through 2038
Variable interest rate	SOFR
Fixed interest rate	3.52% to 6.05%

Unrealized gain on derivative financial instruments totaled \$1,906,879 and \$313,080 for the years ended December 31, 2024 and 2023, respectively.

Note 13 – 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 \$42,771,000, of which CHW has committed \$21,171,000 of unrestricted resources and \$21,600,000 available through various financing instruments. The HFF has outstanding investments of \$37,253,701 and \$30,072,409 at December 31, 2024 and 2023, respectively. The HFF has \$5,517,299 and \$9,453,591 available at December 31, 2024 and 2023, respectively, including \$3,500,000 and \$5,500,000 available through debt financing for the years ended December 31, 2024 and 2023, 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 \$9,562,052 and \$10,537,559 at December 31, 2024 and 2023, respectively.

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, 2024 and 2023. Net assets with donor restrictions are summarized as follows at December 31:

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 13 – Net Assets (Continued)

Net Assets with Donor Restrictions (continued)

	<u>2024</u>	<u>2023</u>
Subject to expenditures for specified purposes:		
Resident estate development	\$ -	\$ 80,000
Portfolio Strengthening	13,387	13,387
Financial Well-being	33,333	136,666
After School Program	25,000	360,000
Resident services	25,833	2,500
North Park Seniors	-	25,000
Loan loss reserve (NRC)	-	20,000
Various	5,750	64,353
Total subject to expenditure for specified purposes	<u>103,303</u>	<u>701,906</u>
Subject to expenditures for a specified time:		
Capital Magnet Fund	<u>3,000,000</u>	<u>3,000,000</u>
Total subject to expenditures for a specified time	<u>3,000,000</u>	<u>3,000,000</u>
 Total net assets with donor restrictions	 <u>\$ 3,103,303</u>	 <u>\$ 3,701,906</u>

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>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
Portfolio Strengthening	\$ 595,750	\$ 153,992
Financial Well-being	335,510	42,917
Resident estate development	80,000	474,066
Other:		
After School Program	540,000	136,167
Resident services	31,667	65,242
North Park Seniors	25,000	-
Loan loss reserve (NRC)	20,000	3,000
Various	64,353	167,397
Total net assets released from restrictions	<u>\$ 1,692,280</u>	<u>\$ 1,042,781</u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 14 – Commitments and Contingencies

Operating Leases

The Organization entered into a lease agreement for office space through December 31, 2025. The Organization also has ground leases for properties in California which expire through March 2118. The lease agreements do not contain any material residual value guarantees.

The following summarizes the line items on the consolidated statement of financial position for the operating leases at December 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	\$ 12,108,730	\$ 12,785,740
Operating lease liabilities – current portion	707,495	656,856
Operating lease liabilities – noncurrent	4,008,685	4,719,688
Total lease liabilities	<u>\$ 4,716,180</u>	<u>\$ 5,376,544</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended December 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 763,420	\$ 791,919
Variable lease expense	-	7,703

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term – operating leases	63 years	65 years
Weighted-average discount rate – operating leases	2.51	2.51

The following summarizes cash flow information related to leases for the years ended December 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	<u>\$ 769,907</u>	<u>\$ 732,156</u>

The following is a schedule of future minimum lease payments under the lease:

Year ending December 31,	
2025	\$ 806,868
2026	75,000
2027	75,000
2028	75,000
2029	75,000
Thereafter	8,989,318
Total lease payments	<u>\$ 10,096,186</u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 14 – Commitments and Contingencies (Continued)

Operating Leases (continued)

Lease liabilities consist of the following as of December 31:

	2024	2023
Total lease payments	\$ 10,096,186	\$ 10,866,093
Less: interest	(5,380,006)	(5,489,549)
Present value of lease liabilities	<u>\$ 4,716,180</u>	<u>\$ 5,376,544</u>

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 \$267,579 and \$202,659 for the years ended December 31, 2024 and 2023, respectively.

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, 2024 and 2023.

Tax Benefit Guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, CHW has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate’s operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, CHW has not experienced any calls on these guarantees.

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.

Note 15 – Prior Period Adjustment

In 2023, management re-evaluated the consolidation of its investments in limited partnerships in the consolidated financial statements of CHW. Management considered the participating rights held by the limited partners in the tax credit limited partnerships to not overcome the presumption that the general partner has control of the limited partnerships. This updated interpretation of the relevant GAAP guidance led CHW to consolidate its investments in tax credit limited partnerships as of January 1, 2023. Management re-evaluated the consolidation of its investments in limited partnerships in order to present a fuller, more accurate picture of CHW and its affiliates’ financial assets, liabilities and related operational activities. The effect of the restatement of net assets as of January 1, 2023 is an increase of \$300,493,972.

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2024

	Community Housing Works	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
Current Assets:						
Cash and cash equivalents	\$ 14,502,962	\$ 16,452,171	\$ 3,641,664	\$ 87,016	\$ -	\$ 34,683,813
Investments	9,721,454	-	-	-	-	9,721,454
Restricted reserves - current portion	-	1,725,289	1,504,219	-	-	3,229,508
Accounts receivable - related parties	46,265,624	-	75,590	-	(46,341,214)	-
Accounts receivable - rent, net	89,842	2,083,936	656,946	1,000	-	2,831,724
Accounts receivable - other	-	50,563	1,030	-	-	51,593
Loans receivable - current portion	1,222,130	-	-	-	-	1,222,130
Prepaid expenses	149,195	1,488,584	1,036,881	4,894	(44,931)	2,634,623
Total Current Assets	<u>71,951,207</u>	<u>21,800,543</u>	<u>6,916,330</u>	<u>92,910</u>	<u>(46,386,145)</u>	<u>54,374,845</u>
Noncurrent Assets:						
Restricted reserves	6,001	23,346,012	15,762,750	434,583	-	39,549,346
Loans receivable, net	166,288	-	-	-	-	166,288
Notes receivable - related parties, net	34,699,629	-	56,607,382	-	(91,307,011)	-
Interest receivable - related parties	1,144,544	-	5,394,227	-	(6,538,771)	-
Property and equipment, net	2,115,874	990,046,087	167,824,138	349,271	(8,817,742)	1,151,517,628
Right of use assets	585,494	11,523,236	-	-	-	12,108,730
Investments in limited partnerships	28,210,343	-	(3,213,442)	-	(24,996,901)	-
Derivative financial instruments	-	5,233,024	-	-	-	5,233,024
Deposits	65,749	1,062	141,890	-	-	208,701
Other assets, net	-	696,787	784,464	-	-	1,481,251
Total Noncurrent Assets	<u>66,993,922</u>	<u>1,030,846,208</u>	<u>243,301,409</u>	<u>783,854</u>	<u>(131,660,425)</u>	<u>1,210,264,968</u>
TOTAL ASSETS	<u>\$ 138,945,129</u>	<u>\$ 1,052,646,751</u>	<u>\$ 250,217,739</u>	<u>\$ 876,764</u>	<u>\$ (178,046,570)</u>	<u>\$ 1,264,639,813</u>

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024

	Community HousingWorks	Partnerships 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	\$ 1,628,438	\$ 3,797,960	\$ 1,826,079	\$ 4,853	\$ (237,881)	\$ 7,019,449
Accounts payable - construction	-	8,534,049	-	-	-	8,534,049
Security deposits	7,000	2,039,370	903,788	11,112	-	2,961,270
Due to related party	-	23,401,756	6,577,881	42,380	(30,022,017)	-
Deferred revenue	44,931	711,379	96,150	168	(44,931)	807,697
Interest payable - amortized debt	34,177	1,791,019	1,968,307	-	-	3,793,503
Notes payable - amortized debt	2,000,000	4,413,416	1,046,783	-	-	7,460,199
Lease liability - current portion	707,495	-	-	-	-	707,495
Total Current Liabilities	4,422,041	44,688,949	12,418,988	58,513	(30,304,829)	31,283,662
<u>Noncurrent Liabilities:</u>						
Lease liability	-	4,008,685	-	-	-	4,008,685
Due to related party	-	141,393,866	19,891,944	-	(161,285,810)	-
Interest payable - residual receipts debt	256,311	22,469,800	16,597,095	632,373	-	39,955,579
Notes payable - amortized debt, net	13,250,000	309,154,116	112,601,404	-	-	435,005,520
Notes payable - residual receipts debt, net	2,563,355	223,995,416	32,912,687	998,083	-	260,469,541
Total Noncurrent Liabilities	16,069,666	701,021,883	182,003,130	1,630,456	(161,285,810)	739,439,325
Total Liabilities	20,491,707	745,710,832	194,422,118	1,688,969	(191,590,639)	770,722,987
<u>Net Assets:</u>						
Without donor restrictions						
Controlling interest	115,350,119	14,700,356	49,116,531	(812,205)	13,544,069	191,898,870
Non-controlling interest	-	292,235,563	6,679,090	-	-	298,914,653
With donor restrictions:						
Time and purpose restrictions	3,103,303	-	-	-	-	3,103,303
Total Net Assets	118,453,422	306,935,919	55,795,621	(812,205)	13,544,069	493,916,826
TOTAL LIABILITIES AND NET ASSETS	\$ 138,945,129	\$ 1,052,646,751	\$ 250,217,739	\$ 876,764	\$ (178,046,570)	\$ 1,264,639,813

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COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Current Assets:</u>						
Cash and cash equivalents	\$ 18,719,027	\$ 13,964,089	\$ 7,065,533	\$ 61,553	\$ -	\$ 39,810,202
Investments	11,731,006	-	-	-	-	11,731,006
Restricted reserves - current portion	-	1,473,406	692,198	-	-	2,165,604
Accounts receivable - related parties	40,033,526	-	58,021	-	(40,091,547)	-
Accounts receivable - rent, net	90,893	1,094,151	281,057	1,000	-	1,467,101
Accounts receivable - other	-	713,260	-	-	-	713,260
Prepaid expenses	143,903	1,543,338	764,975	3,954	(67,397)	2,388,773
Total Current Assets	<u>70,718,355</u>	<u>18,788,244</u>	<u>8,861,784</u>	<u>66,507</u>	<u>(40,158,944)</u>	<u>58,275,946</u>
<u>Noncurrent Assets:</u>						
Restricted reserves	6,000	19,377,973	11,096,482	432,790	-	30,913,245
Loans receivable, net	174,627	-	-	-	-	174,627
Notes receivable - related parties, net	29,837,149	-	48,197,249	-	(78,034,398)	-
Interest receivable - related parties	992,109	-	4,662,708	-	(5,654,817)	-
Property and equipment, net	1,061,399	941,120,608	111,574,705	386,329	(4,499,435)	1,049,643,606
Right of use assets	1,150,411	11,635,329	-	-	-	12,785,740
Investments in limited partnerships	26,344,487	-	189,945	-	(26,534,432)	-
Derivative financial instruments	-	3,326,145	-	-	-	3,326,145
Deposits	65,749	-	44,900	-	-	110,649
Other assets, net	-	757,508	36,962	-	-	794,470
Total Noncurrent Assets	<u>59,631,931</u>	<u>976,217,563</u>	<u>175,802,951</u>	<u>819,119</u>	<u>(114,723,082)</u>	<u>1,097,748,482</u>
TOTAL ASSETS	<u>\$ 130,350,286</u>	<u>\$ 995,005,807</u>	<u>\$ 184,664,735</u>	<u>\$ 885,626</u>	<u>\$ (154,882,026)</u>	<u>\$ 1,156,024,428</u>

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COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Current Liabilities:</u>						
Accounts payable and accrued expenses	\$ 963,424	\$ 3,594,738	\$ 1,178,275	\$ 2,197	\$ (227,973)	\$ 5,510,661
Accounts payable - construction	-	11,986,860	-	-	-	11,986,860
Security deposits	7,000	1,832,529	783,052	11,112	-	2,633,693
Due to related party	-	20,962,369	1,772,744	23,712	(22,758,825)	-
Deferred revenue	46,953	479,466	68,977	305	(46,953)	548,748
Interest payable - amortized debt	33,969	604,619	940,043	-	-	1,578,631
Notes payable - amortized debt	-	3,934,374	1,005,573	-	-	4,939,947
Notes payable - residual receipts debt	-	3,179,521	-	-	-	3,179,521
Lease liability - current portion	656,856	-	-	-	-	656,856
Total Current Liabilities	1,708,202	46,574,476	5,748,664	37,326	(23,033,751)	31,034,917
<u>Noncurrent Liabilities:</u>						
Deferred revenue	20,444	-	-	-	(20,444)	-
Lease liability	707,495	4,012,193	-	-	-	4,719,688
Due to related party	-	125,197,959	18,285,181	-	(143,483,140)	-
Interest payable - residual receipts debt	242,974	18,426,748	17,206,775	622,373	-	36,498,870
Notes payable - amortized debt, net	10,250,000	293,089,760	61,267,240	-	-	364,607,000
Notes payable - residual receipts debt, net	2,563,355	219,661,373	35,029,231	997,813	-	258,251,772
Total Noncurrent Liabilities	13,784,268	660,388,033	131,788,427	1,620,186	(143,503,584)	664,077,330
Total Liabilities	15,492,470	706,962,509	137,537,091	1,657,512	(166,537,335)	695,112,247
<u>Net Assets:</u>						
Without donor restrictions						
Controlling interest	111,155,910	24,786,025	47,127,644	(771,886)	11,655,309	193,953,002
Non-controlling interest	-	263,257,273	-	-	-	263,257,273
With donor restrictions:						
Time and purpose restrictions	3,701,906	-	-	-	-	3,701,906
Total Net Assets	114,857,816	288,043,298	47,127,644	(771,886)	11,655,309	460,912,181
TOTAL LIABILITIES AND NET ASSETS	\$ 130,350,286	\$ 995,005,807	\$ 184,664,735	\$ 885,626	\$ (154,882,026)	\$ 1,156,024,428

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COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
<u>Net Assets Without Donor Restrictions:</u>						
<u>Revenues and Support:</u>						
Contributions – Contributed Revenue	\$ 558,020	\$ -	\$ -	\$ -	\$ -	\$ 558,020
Contributions – Real Estate	2,221,652	-	-	-	(2,221,652)	-
Developer fees	4,773,185	-	-	-	(767,528)	4,005,657
Grants	441,890	-	-	-	-	441,890
Loan interest and investment income	1,610,089	349,777	1,576,032	16,982	(953,358)	2,599,522
Management fees	1,385,944	-	17,569	-	(1,403,513)	-
Other income	5,335,257	1,218,441	474,426	8,381	-	7,036,505
Program income	2,266,976	-	-	-	(1,962,010)	304,966
Rental income	-	54,174,442	19,227,837	177,444	-	73,579,723
Net assets released from restrictions	1,692,280	-	-	-	-	1,692,280
Total Revenues and Support	20,285,293	55,742,660	21,295,864	202,807	(7,308,061)	90,218,563
<u>Expenses:</u>						
<u>Program Services:</u>						
Asset management	2,390,204	-	-	-	-	2,390,204
Real estate development	5,796,841	-	-	-	-	5,796,841
Rental real estate	-	77,082,776	26,146,917	243,126	(7,773,860)	95,698,959
Resident Services	5,839,397	-	-	-	-	5,839,397
Supportive housing programs	350,966	-	-	-	-	350,966
Total Program Services	14,377,408	77,082,776	26,146,917	243,126	(7,773,860)	110,076,367
<u>Supporting Services:</u>						
Management and general	1,707,470	-	-	-	-	1,707,470
Fundraising	759,342	-	-	-	-	759,342
Total Supporting Services	2,466,812	-	-	-	-	2,466,812
Total Expenses	16,844,220	77,082,776	26,146,917	243,126	(7,773,860)	112,543,179
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	3,441,073	(21,340,116)	(4,851,053)	(40,319)	465,799	(22,324,616)

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COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
<u>Other Revenue and (Expenses):</u>						
Loan forgiveness and recovery	11,239	-	-	-	-	11,239
Loss on sale of property and equipment	-	-	-	-	-	-
Obligation under interest rate swap change	-	1,906,879	-	-	-	1,906,879
Partnership income (loss)	741,897	(135,538)	(749,977)	-	143,618	-
Total Other Revenue and (Expenses)	753,136	1,771,341	(749,977)	-	143,618	1,918,118
Change in Net Assets Without Donor Restrictions	4,194,209	(19,568,775)	(5,601,030)	(40,319)	609,417	(20,406,498)
<u>Net Assets With Donor Restrictions:</u>						
Contributions	1,093,677	-	-	-	-	1,093,677
Net assets released from restrictions	(1,692,280)	-	-	-	-	(1,692,280)
Change in Net Assets With Donor Restrictions	(598,603)	-	-	-	-	(598,603)
Change in Net Assets	3,595,606	(19,568,775)	(5,601,030)	(40,319)	609,417	(21,005,101)
Net Assets at Beginning of Year	114,857,816	288,043,298	47,127,644	(771,886)	11,655,309	460,912,181
Capital contributions, net of distributions and syndication costs						
Controlling	-	(8,712,850)	7,433,507	-	1,279,343	-
Noncontrolling	-	47,174,246	6,835,500	-	-	54,009,746
NET ASSETS AT END OF YEAR	\$ 118,453,422	\$ 306,935,919	\$ 55,795,621	\$ (812,205)	\$ 13,544,069	\$ 493,916,826

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COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Net Assets Without Donor Restrictions:</u>						
<u>Revenues and Support:</u>						
Contributions – Contributed Revenue	\$ 439,899	\$ -	\$ -	\$ -	\$ -	\$ 439,899
Contributions – Real Estate	1,252,133	-	-	-	(1,252,133)	-
Developer fees	11,519,570	-	-	-	(1,852,165)	9,667,405
Grants	921,973	-	-	-	-	921,973
Loan interest and investment income	4,855,266	277,081	1,449,208	11,908	(4,197,614)	2,395,849
Management fees	1,442,427	-	44,960	-	(1,487,387)	-
Other income	5,223,167	1,006,439	370,584	3,203	(228,899)	6,374,494
Program income	1,913,583	-	-	-	(1,611,663)	301,920
Rental income	-	46,815,933	17,493,463	166,068	-	64,475,464
Net assets released from restrictions	1,042,781	-	-	-	-	1,042,781
Total Revenues and Support	28,610,799	48,099,453	19,358,215	181,179	(10,629,861)	85,619,785
<u>Expenses:</u>						
<u>Program Services:</u>						
Asset management	2,347,035	-	-	-	-	2,347,035
Real estate development	4,650,007	-	-	-	-	4,650,007
Rental real estate	-	74,053,022	23,162,402	223,903	(6,299,294)	91,140,033
Resident Services	4,641,197	-	-	-	-	4,641,197
Supportive housing programs	340,220	-	-	-	-	340,220
Total Program Services	11,978,459	74,053,022	23,162,402	223,903	(6,299,294)	103,118,492
<u>Supporting Services:</u>						
Management and general	1,422,187	-	-	-	-	1,422,187
Fundraising	693,741	-	-	-	-	693,741
Total Supporting Services	2,115,928	-	-	-	-	2,115,928
Total Expenses	14,094,387	74,053,022	23,162,402	223,903	(6,299,294)	105,234,420
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	14,516,412	(25,953,569)	(3,804,187)	(42,724)	(4,330,567)	(19,614,635)

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COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Other Revenue and (Expenses):</u>						
Loan forgiveness and recovery	137,386	-	482,000	-	(125,626)	493,760
Obligation under interest rate swap change	-	313,080	-	-	-	313,080
Partnership income (loss)	37,443	-	(4)	-	(37,439)	-
Total Other Revenue and (Expenses)	174,829	313,080	481,996	-	(163,065)	806,840
Change in Net Assets Without Donor Restrictions	14,691,241	(25,640,489)	(3,322,191)	(42,724)	(4,493,632)	(18,807,795)
<u>Net Assets With Donor Restrictions:</u>						
Contributions	1,376,750	-	-	-	-	1,376,750
Net assets released from restrictions	(1,042,781)	-	-	-	-	(1,042,781)
Change in Net Assets With Donor Restrictions	333,969	-	-	-	-	333,969
Change in Net Assets	15,025,210	(25,640,489)	(3,322,191)	(42,724)	(4,493,632)	(18,473,826)
Net Assets at Beginning of Year, as restated	99,832,606	281,706,317	50,449,835	(729,162)	20,133,066	451,392,662
Capital contributions, net of distributions and syndication costs						
Controlling	-	3,984,125	-	-	(3,984,125)	-
Noncontrolling	-	27,993,345	-	-	-	27,993,345
NET ASSETS AT END OF YEAR	\$ 114,857,816	\$ 288,043,298	\$ 47,127,644	\$ (771,886)	\$ 11,655,309	\$ 460,912,181

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF FUNCTIONAL EXPENSES – COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services		
	Asset Management	Real Estate Development	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,586,045	\$ 4,087,683	\$ 3,513,255	\$ 13,246	\$ 831,069	\$ 241,098	\$ 10,272,396
Payroll taxes	119,776	254,259	228,945	1,117	83,231	51,140	738,468
Health insurance and other benefits	186,535	447,101	472,906	2,680	156,338	93,532	1,359,092
Temporary and contract personnel	10,530	54,131	42,751	517	38,886	24,474	171,289
Total Personnel Expenses	1,902,886	4,843,174	4,257,857	17,560	1,109,524	410,244	12,541,245
<u>Occupancy:</u>							
Office rent	95,699	220,721	170,604	1,166	90,301	61,374	639,865
Telephone/Internet	2,056	5,374	7,692	27	2,026	1,318	18,493
Leasehold improvements	8,925	10,987	15,865	5,198	15,417	2,781	59,173
Total Occupancy	106,680	237,082	194,161	6,391	107,744	65,473	717,531
<u>Insurance</u>	10,512	23,814	36,614	148	10,976	6,602	88,666
<u>Supplies and Other Administrative Costs</u>	77,516	239,075	243,774	3,967	147,934	101,427	813,693
<u>Travel</u>	71,479	56,150	76,325	967	30,735	7,197	242,853
<u>Professional Fees:</u>							
Other professional services	112,772	85,329	80,814	55,056	72,151	44,008	450,130
Equipment and computer services	15,922	32,590	43,800	302	23,748	16,702	133,064
Accounting (audit)	18,077	41,405	63,195	218	16,943	11,620	151,458
Total Professional Fees	146,771	159,324	187,809	55,576	112,842	72,330	734,652
<u>Program/Project Expenses:</u>							
Program/Project related expenses	1,348	2,827	680,872	62,512	31,861	66,055	845,475
Property operation cost	2,144	-	-	183,663	-	-	185,807
Total Program/Project Expenses	3,492	2,827	680,872	246,175	31,861	66,055	1,031,282
<u>Other Expenses:</u>							
Interest	54,023	85,344	123,237	2,011	117,504	21,593	403,712
Depreciation and amortization	6,746	5,650	8,159	17,672	7,929	1,430	47,586
Contributions to others	10,099	34,786	30,589	499	30,421	6,991	113,385
Property loss	-	109,615	-	-	-	-	109,615
Total Other Expenses	70,868	235,395	161,985	20,182	155,854	30,014	674,298
TOTAL EXPENSES	\$ 2,390,204	\$ 5,796,841	\$ 5,839,397	\$ 350,966	\$ 1,707,470	\$ 759,342	\$ 16,844,220

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF FUNCTIONAL EXPENSES – COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services		
	Asset Management	Real Estate Development	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,664,880	\$ 3,100,831	\$ 2,887,236	\$ 12,784	\$ 799,844	\$ 275,545	\$ 8,741,120
Payroll taxes	111,777	221,464	184,457	974	71,388	46,850	636,910
Health insurance and other benefits	209,203	337,803	365,106	1,785	131,450	87,369	1,132,716
Temporary and contract personnel	48,795	227,991	52,847	503	29,973	7,108	367,217
Total Personnel Expenses	2,034,655	3,888,089	3,489,646	16,046	1,032,655	416,872	10,877,963
<u>Occupancy:</u>							
Office rent	97,860	238,885	168,689	5,381	83,133	67,235	661,183
Telephone/Internet	2,438	6,371	6,964	27	2,099	1,606	19,505
Leasehold improvements	10,072	12,404	17,905	5,867	17,400	3,137	66,785
Total Occupancy	110,370	257,660	193,558	11,275	102,632	71,978	747,473
<u>Insurance</u>	3,759	8,973	11,316	40	2,950	1,974	29,012
<u>Supplies and Other Administrative Costs</u>	79,346	213,330	204,738	3,008	114,046	90,136	704,604
<u>Travel</u>	59,497	37,437	53,970	187	11,940	4,670	167,701
<u>Professional Fees:</u>							
Other professional services	8,417	113,937	92,787	3,261	16,018	14,830	249,250
Equipment and computer services	8,440	19,033	19,773	247	15,271	4,862	67,626
Accounting (audit)	4,583	13,446	14,793	50	3,955	3,077	39,904
Total Professional Fees	21,440	146,416	127,353	3,558	35,244	22,769	356,780
<u>Program/Project Expenses:</u>							
Program/Project related expenses	2,488	5,698	476,953	83,713	33,142	67,427	669,421
Property operation cost	-	-	-	194,615	-	-	194,615
Total Program/Project Expenses	2,488	5,698	476,953	278,328	33,142	67,427	864,036
<u>Other Expenses:</u>							
Interest	25,822	53,068	62,321	14,439	66,727	13,345	235,722
Depreciation and amortization	4,255	7,069	8,302	13,101	8,889	1,778	43,394
Contributions to others	5,403	11,104	13,040	238	13,962	2,792	46,539
Property loss	-	21,163	-	-	-	-	21,163
Total Other Expenses	35,480	92,404	83,663	27,778	89,578	17,915	346,818
TOTAL EXPENSES	\$ 2,347,035	\$ 4,650,007	\$ 4,641,197	\$ 340,220	\$ 1,422,187	\$ 693,741	\$ 14,094,387

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES

LISTING OF AFFILIATES

DECEMBER 31, 2024

Limited partnerships with single-member limited liability companies holding controlling general partner interests:

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	-
Arden Way Housing Associates, L.P.	Salvator Apartments	120	Sacramento	Boxwood Street Housing LLC	0.01%
Beech Street Housing Associates, L.P.	Development	-	-	CHW Beech Street, LLC	0.01%
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.01%
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.01%
D Avenue Housing Associates, L.P.	Kimball Highland (CoO)	145	-	CHW D Avenue LLC	0.01%
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.01%
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.01%
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.01%
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.01%
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.01%
Keeler Court Housing Associates, L.P.	Keeler Court Apartments	71	San Diego	Las Conchas Housing Opportunities LLC	0.01%
Kimball Tower Housing Associates, L.P.	Kimball Tower	151	National City	CHW Kimball Development, LLC	0.005%
Las Haciendas Housing Associates, L.P.	Las Haciendas Apartments	77	Temecula	CHW Las Haciendas, LLC	0.01%
Linda Vista Housing Associates, L.P.	Ulric Street Apartments II	60	San Diego	CHW Linda Vista LLC	0.009%
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.01%
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors	138	Oceanside	Carolyn Compass Rose, LLC	0.01%
Monument Boulevard Housing Associates, L.P.	Sun Ridge Apartments	198	Concord	Concord Victory Lane, LLC	0.01%
Morgan Tower Housing Associates, L.P.	Morgan Tower	152	National City	CHW Morgan Development, LLC	0.005%
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.01%
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.01%
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LLC	0.005%
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co., LLC	0.005%
Portola Senior Housing Associates, L.P.	Portola Senior Apartments	58	Lake Forest	Lake Forest Housing Opportunities, LLC	0.01%
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.01%
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	0.01%
South Santa Fe Housing Associates, L.P.	Paseo Artist Village	60	Vista	Paseo Artist Village LLC	0.01%
SV Inglewood Holdings, L.P.	Stadium Village Apartments	80	Inglewood	SV Inglewood CHW GP, LLC and SV Inglewood Holdings, L.P.	0.01% 9.999%
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.01%
Tripp Avenue Housing Associates, L.P.	Parkside Terrace Apartments	201	San Jose	CHW Parkside Terrace LLC	0.01%
Ulric Street Housing Associates, L.P.	Amanecer	96	San Diego	Ulric Street Housing Opportunities LLC	0.009%
Windsor Gardens Housing Associates, L.P.	Windsor Gardens Apartments	132	Escondido	CHW Windsor Gardens LLC	0.01%
Winona Avenue Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	CHW Winona Avenue, LLC	0.01%
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.01%
		<u>3,371</u>			

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COMMUNITY HOUSINGWORKS AND AFFILIATES

LISTING OF AFFILIATES

DECEMBER 31, 2024

Limited partnerships and limited liability companies that are wholly owned by CHW and affiliated entities:

Partnership Name	Property Name	Units	CHW Equity Owned Through LLC	CHW %	ECHD %	Escondido %
2525 North Dallas L.P.	TwentyFive25	320	CMHC – CHW 2525 GP LLC	0.01%	99.99%	-
Alabama Manor Housing Associates, L.P.	Alabama Manor Apartments	67	N/A	0.01%	99.99%	-
Breihan Housing Associates, L.P.	Hillside Village	71	N/A	0.01%	99.99%	-
Brommer Street Housing Associates, L.P.	Brommer Street	-	CHW Brommer Street LLC	99.00%	1.00%	-
Cambern Avenue Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
Cambern Avenue Housing Associates, L.P.	<i>Development</i>	-	CHW Cambern Avenue, LLC	99%	1%	-
Cedar Road Housing Associates	N/A	-	N/A	1%	99%	-
CHW Beech Street Development, LLC (dissolved 11/15/2023)	N/A	-	N/A	-	100%	-
CHW Las Haciendas Development, LLC (dissolved 12/31/2023)	N/A	-	N/A	-	100%	-
CHW Ulric Street Development, L.P.	N/A	-	N/A	1%	99%	-
Community Road Housing Associates, L.P.	Solara	56	N/A	0.01%	99.99%	-
Concord Sunridge, LLC (dissolved 12/31/2023)	N/A	-	N/A	-	100%	-
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	N/A	-	99%	1%
Delta Village Housing Associates, L.P.	Las Serenas	108	N/A	0.01%	99.99%	-
Dove Family Housing Associates, L.P.	La Costa Paloma	180	N/A	0.01%	99.99%	-
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	N/A	-	1%	99%
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	N/A	0.01%	99.99%	-
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	N/A	0.01%	99.99%	-
Georgia Street Development Holding Company, LLC	N/A	-	N/A	-	100%	-
Georgia Street Housing Associates, L.P.	Georgia Street	-	CHW Georgia Street, LLC	99.99%	0.01%	-
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	N/A	1%	99%	-
Highland Avenue Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
I Street Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
I Street Housing Associates, L.P.	<i>Development</i>	-	CHW I Street, LLC	99%	1%	-
Kalmia Street Housing Associates, L.P.	N/A	-	N/A	99%	1%	-
Keeler Court AHSC LLC	<i>Development</i>	-	N/A	-	100%	-
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	N/A	0.01%	99.99%	-
Navajo Road Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
Navajo Road Housing Associates, L.P.	<i>Development</i>	-	CHW Navajo Road, LLC	0.01%	99.99%	-
Nettleton Road Housing Associates	N/A	-	N/A	1%	99%	-
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Fallbrook Renaissance LLC	0.01%	99.99%	-
Orange Place Housing Associates	Orange Place Apartments	32	N/A	1%	99%	-
Pacific Street Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
Pacific Street Housing Associates Four, L.P.	<i>Development</i>	-	N/A	99%	1%	-
Pacific Street Housing Associates Nine, L.P.	<i>Development</i>	-	N/A	99%	1%	-
Parks at Fig, LLC (dissolved 12/31/2023)	N/A	-	N/A	100%	-	-

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
LISTING OF AFFILIATES (CONTINUED)
DECEMBER 31, 2024

Limited partnerships and limited liability companies that are wholly owned by CHW and affiliated entities: (continued)

Partnership Name	Property Name	Units	CHW Equity Owned	CHW %	ECHD %	Escondido %
			Through LLC			
Q Street Development Holding Company, LLC	Development	-	N/A	-	100%	-
Q Street Housing Associates, L.P.	Development	-	CHW Q Street, LLC	1%	99%	-
Richards Road Development Holding Company, LLC	Parks at Woodland Springs	250	N/A	-	100%	-
San Pablo Avenue Development Holding Company, LLC	N/A	-	N/A	-	100%	-
Swift Avenue Development Holding Company, LLC	Development	-	N/A	-	100%	-
Swift Avenue Housing Associates, L.P.	Development	-	CHW Swift Avenue, LLC	99%	1%	-
The Bowron Road Group Limited Partnership	Parkview Terrace	92	N/A	0.02%	99.98%	-
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	N/A	1%	99%	-
Turnagain Renaissance Housing Associates, L.P.	Turnagain Arms	80	Fallbrook Renaissance LLC	0.01%	99.99%	-
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments (Old)	-	N/A	0.01%	99.99%	-
Wooster Avenue, LLC	N/A	-	N/A	-	100%	-
Xenia Avenue Development Holding Company, LLC	Development	-	N/A	-	100%	-
Xenia Avenue Housing Associates, L.P.	Development	-	CHW Xenia Avenue, LLC	99%	1%	-
N/A	Las Casitas Apartments ⁽¹⁾	14	N/A	100%	-	-
		<u>1,600</u>				
	Total units	<u><u>4,971</u></u>				

⁽¹⁾ Assets are recorded under Community HousingWorks.

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Assistance Listing Number</i>	<i>Federal Expenditures</i>
<u>Department of Housing and Urban Development</u>		
HOME Investment Partnerships Program:		
Prior year loans that require continuing compliance (pass-through programs):		
City of Escondido	14.239	\$ 321,355
Total		<u>321,355</u>
Continuum of Care Program:		
Direct grant	14.267	92,574
Pass-through program:		
County of San Diego Department of Community Development	14.267	<u>153,715</u>
Total		<u>246,289</u>
Total Department of Housing and Urban Development		<u>567,644</u>
<u>Neighborhood Reinvestment Corporation</u>		
Expendable Grant	99.999	<u>601,500</u>
Total		<u>601,500</u>
<u>Department of the Treasury</u>		
Community Development Financial Institutions Program		
- Capital Magnet Fund	21.011	<u>3,000,000</u>
Total		<u>3,000,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 4,169,144</u></u>

see report of independent auditors and accompanying notes to
Schedule of Expenditures of Federal Awards

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the expenditures on an accrual basis of Community HousingWorks (a California non-profit public benefit corporation) and Affiliates under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub awards to the Organization by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

2. Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; wherein certain types of expenditures are not allowed. Assistance Listing numbers ("AL No.") are provided when available.

The Organization elected to use the 10% de minimis indirect cost rate.

3. Outstanding federal loans

The following represents the amount of outstanding loans identified by AL No. All loans are provided by HUD and are included in the Schedule.

AL No.	Program title	Loans received in 2024	Prior year loans with continuing compliance requirements	Total outstanding loans
14.239	HOME Investment Partnerships Program	\$ -	\$ -	\$ 321,355

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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 of
Community HousingWorks and Affiliates

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, a California nonprofit public benefit corporation, and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2024, 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, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community HousingWorks and Affiliates' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community HousingWorks and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community HousingWorks and Affiliates' 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 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogrudac & Company LLP

Walnut Creek, California
May 20, 2025



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Community HousingWorks and Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community HousingWorks, a California nonprofit public benefit corporation, and Affiliates' (the "Community HousingWorks") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Community HousingWorks' major federal programs for the year ended December 31, 2024. Community HousingWorks' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community HousingWorks complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community HousingWorks and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community HousingWorks' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community HousingWorks' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community HousingWorks' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable

user of the report on compliance about Community HousingWorks' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community HousingWorks' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community HousingWorks' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community HousingWorks' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Novogradac & Company LLP

Walnut Creek, California
May 20, 2025

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> x </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> x </u>	None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> x </u>	No

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____ Yes	<u> x </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> x </u>	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	_____ Yes	<u> x </u>	No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.011	Community Development Financial Institutions Program – Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> x </u> Yes <u> </u> No

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.



Community HousingWorks and Affiliates

**Consolidated Financial Statements with Report of Independent Auditors
December 31, 2023**

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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NOVOGRADAC
& COMPANY LLP®

Report of Independent Auditors

To the Board of Directors of
Community HousingWorks and Affiliates:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community HousingWorks, a California nonprofit public benefit corporation, and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community HousingWorks and Affiliates as of December 31, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain limited partnerships controlled by Community HousingWorks and Affiliates, which statements reflect total assets constituting 7.68% of the consolidated total assets at December 31, 2023 and total revenues constituting 3.53% of the consolidated total revenues for the year then ended. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these limited partnerships, is based solely on the reports of the other auditors.

Emphasis-of-Matter

As further discussed in Note 15, net assets as of December 31, 2022 have been restated to consolidate investments in tax credit limited partnerships based on management's reconsideration of the participating rights held by the limited partners in the tax credit limited partnerships to not overcome the presumption that the general partner has control of the limited partnerships. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Community HousingWorks and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community HousingWorks and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community HousingWorks and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community HousingWorks and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying supplementary information, are presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards and the accompanying supplementary 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 a report dated June 24, 2024, on our consideration of Community HousingWorks and Affiliates' internal control over financial reporting and on our tests of their 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 and Affiliates' 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 and Affiliates' internal control over financial reporting and compliance.

Novogradac & Company LLP

Walnut Creek, CA
June 24, 2024

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 39,810,202
Investments	11,731,006
Restricted reserves - current portion	2,165,604
Accounts receivable - rent, net	1,467,101
Accounts receivable - other	713,260
Prepaid expenses	2,388,773
Total Current Assets	<u>58,275,946</u>

Noncurrent Assets:

Restricted reserves	30,913,245
Loans receivable, net	174,627
Property and equipment, net	1,049,643,606
Right of use assets	12,785,740
Derivative financial instruments	3,326,145
Deposits	110,649
Other assets, net	794,470
Total Noncurrent Assets	<u>1,097,748,482</u>

TOTAL ASSETS	<u>\$ 1,156,024,428</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 5,510,661
Accounts payable - construction	11,986,860
Security deposits	2,633,693
Deferred revenue	548,748
Interest payable - amortized debt	2,031,715
Notes payable - amortized debt	4,939,947
Notes payable - residual receipts debt	3,179,521
Lease liability - current portion	656,856
Total Current Liabilities	<u>31,488,001</u>

Noncurrent Liabilities:

Lease liability	4,719,688
Interest payable - residual receipts debt	36,045,786
Notes payable - amortized debt, net	375,561,847
Notes payable - residual receipts debt, net	247,296,925
Total Noncurrent Liabilities	<u>663,624,246</u>
Total Liabilities	<u>695,112,247</u>

Net Assets:

Without donor restrictions	
Controlling interest	193,953,002
Non-controlling interest	263,257,273
With donor restrictions:	
Time and purpose restrictions	3,701,906
Total Net Assets	<u>460,912,181</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,156,024,428</u>
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The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and Support:</u>			
Contributions – Contributed Revenue	\$ 439,899	\$ 1,376,750	\$ 1,816,649
Developer fees	9,667,405	-	9,667,405
Grants	921,973	-	921,973
Loan interest and investment income	2,395,849	-	2,395,849
Other income	6,374,494	-	6,374,494
Program income	301,920	-	301,920
Rental income	64,475,464	-	64,475,464
Net assets released from restrictions	1,042,781	(1,042,781)	-
Total Revenue and Support	85,619,785	333,969	85,953,754
<u>Expenses:</u>			
Program Services:			
Asset management	2,347,035	-	2,347,035
Resident Services	4,641,197	-	4,641,197
Real estate development	4,650,007	-	4,650,007
Rental real estate	91,140,033	-	91,140,033
Supportive housing programs	340,220	-	340,220
Total Program Services	103,118,492	-	103,118,492
Supporting Services:			
Management and general	1,422,187	-	1,422,187
Fundraising	693,741	-	693,741
Total Supporting Services	2,115,928	-	2,115,928
Total Expenses	105,234,420	-	105,234,420
Change in Net Assets Before Other Revenue and (Expense)	(19,614,635)	333,969	(19,280,666)
<u>Other Revenue and (Expense):</u>			
Loan forgiveness and recovery	493,760	-	493,760
Obligation under interest rate swap change	313,080	-	313,080
Total Other Revenue and (Expense)	806,840	-	806,840
Change in Net Assets	(18,807,795)	333,969	(18,473,826)
Net Assets at Beginning of Year, as restated	448,024,725	3,367,937	451,392,662
Contributions/(Distributions), net	27,993,345	-	27,993,345
NET ASSETS AT END OF YEAR	\$ 457,210,275	\$ 3,701,906	\$ 460,912,181

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Controlling Interest	Non-controlling Interest	Total
Reconciliation of net assets			
Without donor restriction			
Beginning of year, as previously reported	\$ 147,530,753	\$ -	\$ 147,530,753
Adjustment for consolidation of partnerships with controlling interest	42,826,491	257,667,481	300,493,972
Beginning of year, as restated	190,357,244	257,667,481	448,024,725
Capital contributions, net of distributions & syndication costs	-	27,993,345	27,993,345
Transfers from non-controlling to controlling interests due to buyouts	(2,653,406)	2,653,406	-
Controlling interests in non-profit corporation, limited liability company and limited partnership earnings (losses)	6,249,164	-	6,249,164
Non-controlling interests in limited partnership earnings (losses)	-	(25,056,959)	(25,056,959)
Total net assets without donor restriction	193,953,002	263,257,273	457,210,275
With donor restriction			
Beginning of year	3,367,937	-	3,367,937
Change in net assets with donor restriction	333,969	-	333,969
Total net assets with donor restriction	3,701,906	-	3,701,906
Net assets, end of year	\$ 197,654,908	\$ 263,257,273	\$ 460,912,181

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services		
	Asset Management	Real Estate Development	Rental Real Estate	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>								
Salaries and wages	\$ 1,664,880	\$ 3,100,831	\$ -	\$ 2,887,236	\$ 12,784	\$ 799,844	\$ 275,545	\$ 8,741,120
Payroll taxes	111,777	221,464	-	184,457	974	71,388	46,850	636,910
Health insurance and other benefits	209,203	337,803	-	365,106	1,785	131,450	87,369	1,132,716
Temporary and contract personnel	48,795	227,991	-	52,847	503	29,973	7,108	367,217
Total Personnel Expenses	2,034,655	3,888,089	-	3,489,646	16,046	1,032,655	416,872	10,877,963
<u>Occupancy:</u>								
Office rent	107,932	251,289	-	186,594	11,248	100,533	70,372	727,968
Telephone/Internet	2,438	6,371	-	6,964	27	2,099	1,606	19,505
Total Occupancy	110,370	257,660	-	193,558	11,275	102,632	71,978	747,473
<u>Insurance</u>	3,759	8,973	-	11,316	40	2,950	1,974	29,012
<u>Supplies and Other Administrative Costs</u>	79,346	213,330	-	204,738	3,008	114,046	90,136	704,604
<u>Travel</u>	59,497	37,437	-	53,970	187	11,940	4,670	167,701
<u>Professional Fees:</u>								
Other professional services	8,417	113,937	-	92,787	3,261	16,018	14,830	249,250
Equipment and computer services	8,440	19,033	-	19,773	247	15,271	4,862	67,626
Accounting (audit)	4,583	13,446	-	14,793	50	3,955	3,077	39,904
Total Professional Fees	21,440	146,416	-	127,353	3,558	35,244	22,769	356,780
<u>Program/Project Expenses:</u>								
Program/Project related expenses	2,488	5,698	-	476,953	83,713	33,142	67,427	669,421
Property operation cost	-	-	60,362,779	-	194,615	-	-	60,557,394
Total Program/Project Expenses	2,488	5,698	60,362,779.00	476,953	278,328	33,142	67,427	61,226,815
<u>Other Expenses:</u>								
Interest	25,822	53,068	-	62,321	14,439	66,727	13,345	235,722
Depreciation and amortization	4,255	7,069	30,777,254	8,302	13,101	8,889	1,778	30,820,648
Contributions to others	5,403	11,104	-	13,040	238	13,962	2,792	46,539
Property loss	-	21,163	-	-	-	-	-	21,163
Total Other Expenses	35,480	92,404	30,777,254	83,663	27,778	89,578	17,915	31,124,072
TOTAL EXPENSES	\$ 2,347,035	\$ 4,650,007	\$ 91,140,033	\$ 4,641,197	\$ 340,220	\$ 1,422,187	\$ 693,741	\$ 105,234,420

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ (18,473,826)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gains from investments	(782,837)
Unrealized gains on derivative financial instruments	(313,081)
Depreciation and amortization	30,820,648
Amortization of right of use assets	658,214
Amortization of permanent loan costs	758,177
Loan forgiveness and recovery	(493,760)
(Increase) decrease in assets:	
Accounts receivable - rent, net	(11,589)
Prepaid expenses	(485,376)
Loans receivable, net	22,540
Deposits	79,934
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	2,830,162
Security deposits	296,171
Deferred revenue	(69,226)
Interest payable	(776,311)
Lease liability	(596,112)
Net cash provided by operating activities	<u>13,463,728</u>
Cash flows from investing activities:	
Decrease in investments	1,000,000
Purchase of property and equipment	(114,259,142)
Increase in other assets	(101,212)
Net cash used in investing activities	<u>(113,360,354)</u>
Cash flows from financing activities:	
Decrease in accounts receivable - other	3,951,267
Repayments of notes payable	(46,932,938)
Proceeds from notes payable	115,639,695
Payments of permanent loan costs	(2,238,220)
Capital contributions from non-controlling interests	29,198,712
Capital distributions to non-controlling interests	(536,949)
Payments of syndication costs	(668,418)
Net cash provided by financing activities	<u>98,413,149</u>
Net change in cash and restricted cash	(1,483,477)
Cash and restricted cash at beginning of year	<u>74,372,528</u>
Cash and restricted cash at end of year	<u><u>\$ 72,889,051</u></u>
Supplementary information:	
Cash paid for interest	<u>\$ 23,424,371</u>
Noncash investing and financing activities:	
Increase in accounts payable - construction and interest payable and increase in property and equipment	<u>\$ 12,574,409</u>
Increase in accounts receivable - other and increase in notes payable	<u>\$ 713,260</u>

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 schedule of real estate entities on pages 37-39 for the year ended December 31, 2023, which includes the partnership name, property name and ownership details.

Community HousingWorks

Community HousingWorks (“CHW”) 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, older adults 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, across California and in Texas. With 4,289 rental apartments in 47 communities statewide, the Organization proudly served more than 11,028 residents in 2023.

The Organization delivers onsite programs to give residents the knowledge, tools, and hope to achieve their goals and dreams. CHW's approach is to provide families, older adults 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. During these stages, the partnerships or LLCs are controlled by CHW or its affiliated not-for-profit entities or majority-owned and therefore included in the consolidated financial statements. The first stage typically is a development period during which CHW, or a wholly controlled affiliate, owns 100% of the property. After a development period of time, which may be as much as two years, the property is sold into a limited partnership 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. The compliance and related tax benefit period for these entities lasts for 15 years. After 15 years, the limited partner typically exits and the project enters a third stage. 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.

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 Listing of Affiliates.

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 Listing of Affiliates.

Escondido Family Housing Corporation

Escondido Family Housing Corporation, a California Nonprofit Corporation (“Escondido”), has partnership interests as summarized in the supplementary Listing of Affiliates which represent 100% of the assets of Escondido.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Organization: (Continued)

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation has no assets at December 31, 2023.

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

Rental Communities

Real Estate Development

CHW develops and owns affordable, attractive and sustainable rental communities across California that people are proud to call home. Over 11,028 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 international Urban Land Institute Award of Excellence for the Americas.

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 99% 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.

Resident Services Programs

Community HousingWorks has long held the core belief that with a safe, stable home, and community support our residents can forge stronger futures. This belief, and our commitment to resident success, 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 all our apartment communities (subject to funding). CHW is one of the major housing non-profit organizations in the country that enhances project service fees with donations from individual donors and grants to ensure effective programs.

In line with our resident driven approach, we conduct resident opportunity and needs assessments along with a community scan to ensure that our programs are tailored to the needs and context of the residents we serve.

CHW provides services through both onsite staff, partners, and in-kind volunteers, enhancing sustainability and flexibility to adapt services based on needs and available resources. We are committed to evaluating the impact of our core services to consistently enhance results.

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

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

1. Financial Well-being

Community HousingWorks' innovative financial well-being programs meet 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.
- **Financial Security** (*meet day-to-day financial obligations*). Community Housing Works' Family Asset Building class uses a group-coaching model to help residents more effectively manage their money and make positive financial choices to meet self-identified goals.
- **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.

2. Next Generation Success

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

- **Study Stars Afterschool Program.** Community HousingWorks' own Study Stars program focuses on achieving grade level reading for K-8th 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.
- **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.
- **Career Pathways.** Through a comprehensive workforce development strategy, the goal is to help adolescent and young adult residents who are both on a non-traditional and traditional college trajectory develop skills, earn key credentials, explore a full range of post-secondary options, and find employment in high-demand and competitive occupations.

3. Health and Wellness

CHW links residents with community partner programs to enhance the self-sufficiency of older adults and residents with disabilities, encourage healthy living, and empower residents to take charge of their health and well-being.

- **Older Adult Programs.** CHW offers onsite services and activities, to support older adult 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. 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. Some CHW communities are 100% supportive housing. We often include homeless residents as part of larger affordable communities, starting with our innovative integration of homeless families into Cedar Apartments (Vista) in 1994. CHW apartments serve homeless men and women with HIV/AIDS, homeless veterans, homeless and disabled older adults, TAY (Transitional Age Youth) 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. The organization offers secure housing for those in need. CHW operates 115 supportive housing units across 14 communities and 30 community centers.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

3. Health and Wellness (Continued)

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
Amanecer	San Diego	18	Supportive units for Transition Aged Youth, 8 units, and Veteran Affairs Supportive Housing (VASH), 10 units
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 Washington/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+
Keeler Court	San Diego	7	Veterans Affairs Supportive Housing (VASH) Units

Note 2 – Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of CHW and other not-for-profit entities that are commonly controlled by CHW's officers or board of directors, including those not-for-profit entities that are majority controlled by CHW. Other not-for-profit entities, over which CHW does not exercise majority control, are not included in the consolidated financial statements.

Partnerships or LLCs that are majority-owned, controlled by CHW or its affiliated not-for-profit entities are included in the consolidated financial statements.

The Organization's partnership interests generally range from .005% to 1.0% and are shown as controlling interests in net assets without donor restrictions. Partners' or members' capital interests generally range from 99% to 99.995% and are presented as noncontrolling interests in net assets without donor restrictions.

All material intercompany balances and transactions have been eliminated in the consolidated financial statements.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Significant Accounting Policies (Continued)

Accounting Method

The Organization prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

- 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.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition. The Organization considers certificates of deposits that may be redeemed without a significant penalty to be cash and cash equivalents, regardless of the maturity.

Restricted cash (or “Restricted reserves”) is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance, debt service payments, payments of tenant service fees, payments of asset management fees, and refunds of tenant security deposits. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

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 statement of cash flows at December 31, 2023:

Cash and cash equivalents	\$ 39,810,202
Restricted reserves	<u>33,078,849</u>
Total cash and cash equivalents and restricted cash	<u><u>\$ 72,889,051</u></u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has made reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2023, the balance of the allowance for doubtful accounts was \$734,947.

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, 2023.

Loans Receivable and Credit Losses

Loans receivables 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 receivables are recorded at the lower 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 \$20,000 at December 31, 2023. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. There were no collection losses for the year ended December 31, 2023. 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, 2023.

Fair Value Measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Unobservable inputs that reflect the Organization's own assumptions.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Significant Accounting Policies (Continued)

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 are depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

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

Interest in the total amount of \$6,378,735 for the year ended December 31, 2023 was capitalized and is included in construction in progress.

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, 2023 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 year ended December 31, 2023. Accordingly, the Organization will continue to monitor circumstances and events in future periods to determine whether any impairment is warranted.

Deferred Charges and Amortization

Deferred charges are recorded at cost and amortized on a straight-line basis. Tax credit fees are amortized over the tax credit compliance period.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are stated at cost and amortized into interest expense over the term of the loan on a straight-line basis, which approximates the effective interest method. Permanent loan costs are reported as a direct deduction from the face amount of the related obligation.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Significant Accounting Policies (Continued)

Derivative Instruments

The Organization recognizes all derivatives on the consolidated statement of financial position at fair value. Derivatives that do not qualify for hedge accounting are adjusted to fair value through income. If the derivative is a hedge instrument, depending on the nature of the hedge transaction, the changes in the fair value of derivative instrument are either offset against the earnings of the hedged item or recognized in other revenue (expenses) in net assets until the hedged item is recognized in earnings. The ineffective portion of a derivative hedge instrument is immediately recognized in earnings. The Organization is a party to derivative instruments for the purpose of limiting its exposure to interest rate fluctuations through the use of an interest rate swap. Net amounts received or paid under the swap arrangement are recorded as an offset to interest expense. Derivatives are held only for the purpose of hedging or limiting such risks, not for speculation. As of December 31, 2023, none of the Organization's derivatives qualifies as a hedge instrument.

Revenue 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. 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.

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 receivables 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.

The Organization is the lessor of affordable housing projects and accounts for tenant leases as operating leases. The Organization determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

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.

Developer fee profits recognized from consolidated affiliates are eliminated as intercompany transactions. The Organization estimates that 83.92% of its developer fees cover related project costs in 2023. Project costs include costs of development, such as allocated internal salaries and benefits, related overhead, service providers, and other non-reimbursed fees that are ordinarily capitalized. For the year ended 2023, 16.08% of developer fees have been eliminated based on its profit margin.

Sales of property and equipment are recognized on the date the sale occurs. 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.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 year ended December 31, 2023 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 of time incurred and on usage of resources.

Income Taxes

CHW, Esperanza, Escondido, Community Housing Solutions, 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 are not private foundations.

Income taxes on partnership and LLC income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the consolidated Partnerships and Limited Liability Companies are recognized by each partner and member on its respective tax return.

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. The federal and state income tax returns for the years 2019 through 2022 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

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.

Leases

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. The Organization uses the risk-free rate at the commencement date in determining the present value of the lease payments.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Significant Accounting Policies (Continued)

Leases (Continued)

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreement does not contain any material residual value guarantee or material restrictive covenants. Lease expense for lease payments is recognized on the straight-line basis over the lease term.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 24, 2024, 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.

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, 2023:

Cash and cash equivalents	\$ 39,810,202
Investments	11,731,006
Accounts receivable – rent, net	<u>1,467,101</u>
Total financial assets	53,008,309
Less assets unavailable for general expenditures:	
Cash and investments held for board-designated purposes	<u>(35,109,968)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 17,898,341</u></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 9. 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 13. 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 AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 4 – Investments

The following table summarizes the Organization's investments measured at fair value by classification within the fair value hierarchy at December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2023
Investments:				
Fixed income funds	\$ 6,274,945	\$ -	\$ -	\$ 6,274,945
Equity funds	4,262,614	-	-	4,262,614
U.S. Treasury bills	-	1,193,447	-	1,193,447
Total	<u>\$ 10,537,559</u>	<u>\$ 1,193,447</u>	<u>\$ -</u>	<u>\$ 11,731,006</u>

Note 5 – 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:

Impounds	\$ 2,165,604
Replacement reserves	15,444,546
Operating reserves	12,088,969
Resident services reserves	310,336
Tenant security deposits	2,518,881
Other	550,513
Total	<u>33,078,849</u>
Less: current portion	<u>(2,165,604)</u>
Non-current portion	<u>\$ 30,913,245</u>

Impounds

Certain properties are required to make deposits to impound accounts to cover property taxes, insurance premiums, reserve deposits, and mortgage payments in accordance with lenders' regulatory agreements.

Replacement and Operating Reserves

Certain properties are required to maintain operating reserves as well as replacement and repair reserves for property and equipment in accordance with partnership and lenders' regulatory agreements.

Resident Services Reserves

Certain properties are required to maintain resident services reserves in accordance with relevant partnership agreements and the lenders' regulatory agreements. The reserves shall be used to pay for tenant services.

Tenant Security Deposits

Properties are required to hold security deposits in separate bank accounts in the names of the properties.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 5 – Restricted Reserves (Continued)

Other

Based on various loan and limited partnership agreements, certain properties and the Corporation are required to establish various other reserves for the purpose of debt service, excess income, capital improvements, and maintenance.

Note 6 – 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>2023</u>
Neighborhood Reinvestment Corporation	3.00%-6.50%	10 years	\$ 121
First Mortgage	6.25%	30 years	194,506
Total loans receivable			<u>194,627</u>
Less: Allowance for collection losses			<u>(20,000)</u>
Loans receivable, net			<u>\$ 174,627</u>

Note 7 – Property and Equipment

Property and equipment consist of the following at December 31:

Land	\$ 79,140,541
Land improvements	45,000,901
Buildings and improvements	986,956,579
Equipment	38,148
Furniture and fixtures	31,956,066
Vehicles and trailer	3,483
Construction in progress	143,567,126
Subtotal	<u>1,286,662,844</u>
Less: accumulated depreciation	<u>(237,019,238)</u>
Property and equipment, net	<u>\$ 1,049,643,606</u>

Depreciation expense was \$30,666,485 for the year ended December 31, 2023.

Note 8 – Deferred Charges and Amortization

The Organization's deferred charges consist of the following at December 31, 2023:

Tax credit fees	\$ 2,023,503
Less: accumulated amortization	<u>(1,229,033)</u>
Total deferred charges, net	<u>\$ 794,470</u>

Amortization totaled \$154,163 for the year ended December 31, 2023.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 9 – 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 (8.50% at December 31, 2023). Interest is payable monthly. The line-of-credit note expires April 1, 2025. There was no outstanding balance on the line-of-credit at December 31, 2023.

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 per annum at a rate equal to the higher of 7% or the index rate plus 0.75%. Interest is payable monthly. The line-of-credit note expired September 15, 2023, and was renewed on November 1, 2023, with an expiration date of September 15, 2025. There was no outstanding balance on the line-of-credit at December 31, 2023.

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 3.632% per annum. Interest is payable monthly. The line-of-credit note expired April 12, 2023, and was renewed on May 8, 2023, with an expiration date of May 8, 2024. As of June 24, 2024, CHW is in negotiation to extend the line of credit maturity date. There was no outstanding balance on the line-of- credit at December 31, 2023.

Note 10 – Notes Payable – Amortized Debt

The Organization obtains financing through notes that are amortized and are payable in monthly installments based on the respectable loan agreements. Interest accrued on these notes based on the stated rate in the note agreement with simple interest rates ranging from 0.80% to 8.76% and variable interest rates ranging from LIBOR rate plus 1.45% and 79% of the LIBOR rate plus 2.5% (LIBOR was used up until the termination of LIBOR in June 2023 at which point SOFR was used). To hedge against the variable interest rates, interest rate swap agreements were executed to convert the variable rates to fixed rates (see Note 12). These notes are each secured by a deed of trust on the property indicated below.

Debt issuance costs total \$11,750,760, less accumulated amortization of \$2,843,149 at December 31, 2023.

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

Year ending December 31,

2024	\$	4,939,947
2025		9,217,242
2026		9,866,282
2027		6,409,060
2028		8,099,386
Thereafter		350,877,488
Total		389,409,405
Less: Unamortized debt issuance costs		(8,907,611)
Total, Net	\$	380,501,794

The outstanding balances of the construction loans have been excluded from current maturities since the amounts will be paid off with capital contributions from limited partners and with proceeds from other permanent loans.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 10 – Notes Payable – Amortized Debt (Continued)

Notes payable – amortized debt consists of the following at December 31, 2023:

Lender	Property	Maturity Date	Interest	Principal
Community HousingWorks				
Northern Trust Company	Community HousingWorks	September 12, 2028	\$ -	\$ 1,000,000
Poway Villas Community Housing Association	Community HousingWorks	April 1, 2026	18,750	2,500,000
U.S. Bank, N.A.	Community HousingWorks	March 1, 2025	6,000	3,000,000
Wells Fargo Bank, N.A.	Community HousingWorks	March 5, 2025	5,000	1,000,000
U.S. BanCorp Community Development Corp	Community HousingWorks	July 1, 2028	-	2,000,000
U.S. Bank, N.A.	Community HousingWorks	February 1, 2027	4,219	750,000
Citibank, N.A.	15th Avenue	September 1, 2025	171	46,838
U.S. Bank, N.A.	Amanecer	December 28, 2038	-	498,000
Housing Authority of San Diego	Amanecer	December 28, 2038	-	2,567,070
Pacific Life Insurance Company	Avocado Court	August 1, 2031	5,074	973,262
Red Mortgage Capital	Azusa Apartments	March 1, 2055	51,436	14,442,335
CA Municipal Finance Authority (CMFA)/JP Morgan Chase	Cedar Nettleton	June 1, 2036	15,480	4,064,887
SDHC	Cortez Hill (Development)	April 30, 2080	72,076	3,750,000
Banner Bank	Cortez Hill (Development)	January 1, 2026	-	1,278,759
Bank of America	Highland Kimball (Development)	June 1, 2025	-	22,478,810
The Housing Authority of the City of San Diego (HACSD)	Kalos	July 1, 2043	24,935	4,788,384
HACSD	Keeler Court	March 1, 2039	18,797	4,672,482
CMFA/U.S. Bank, N.A.	Kimball Tower	March 2, 2039	55,599	11,099,691
Wells Fargo	Las Haciendas (Development)	March 17, 2024	-	21,005,741
JPMorgan Chase	Linda Vista (Development)	October 1, 2024	213,887	19,061,983
San Diego Housing Commission (SDHC)	Linda Vista (Development)	December 31, 2078	-	3,667,500
CMFA/U.S. Bank, N.A.	Los Robles	June 1, 2031	17,072	4,313,009
California Statewide Communities Development Authority (CSCDA)	Manzanita	June 1, 2032	71,474	19,052,974
California Housing Finance Agency (CalHFA)	Maplewood	March 1, 2034	17,488	4,302,389
HACSD, held by Banc of America Public Capital Corp	Mayberry	September 1, 2035	22,754	5,705,862
CSCDA	Morgan Tower	December 1, 2037	294,152	19,304,234
CCRC	Mission Cove Seniors	January 1, 2036	25,231	5,627,989
HACSD	North Park Seniors	February 1, 2043	17,390	3,999,806
U.S. Bank, N.A.	North Santa Fe	March 1, 2031	13,383	2,516,739
CFMA	Oak Knoll Villas	November 1, 2040	10,126	1,796,865
U.S. Bank, N.A.	Paradise Creek	June 1, 2032	13,544	2,783,719

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 10 – Notes Payable – Amortized Debt (Continued)

Lender	Property	Maturity Date	Interest	Principal
Community HousingWorks (Continued)				
U.S. Bank, N.A.	Paradise Creek II	January 1, 2054	11,151	3,466,513
CSCDA	Parks at Fig Garden	January 1, 2033	-	18,230,887
CCRC	Paseo Artist Village	November 1, 2037	11,162	3,520,969
Jones Lang LaSalle Multifamily, LLC	Portola Senior Apartments	October 1, 2041	-	10,069,780
Jones Lang LaSalle Multifamily, LLC	Portola Senior Apartments	October 1, 2024	-	1,119,184
U.S. Bank, N.A.	Poway Villas	February 1, 2043	16,659	3,454,235
California Municipal Authority Multifamily	Poway Villas	February 1, 2043	7,463	1,503,008
CSCDA	Parkside Terrace	January 1, 2037	-	32,355,674
CalHFA	Salvator	November 1, 2053	-	13,596,472
Bank of America, N.A.	Salvator	November 1, 2053	40,080	7,287,347
CSCDA	Sun Ridge	September 1, 2033	-	22,537,763
CSCDA	The Groves	December 1, 2033	-	7,026,030
CSCDA	Turnagain Apartments	April 1, 2045	-	2,507,855
CSCDA	Turnagain Apartments	April 1, 2028	-	247,490
U.S. Bank, N.A.	Windsor Gardens	June 1, 2038	11,119	3,609,710
Esperanza				
Hunt Capital Partners, LLC	Alabama Manor	April 1, 2038	2,962	673,244
Bank of America	Bandar Salaam	October 1, 2031	4,033	509,130
CitiCorp	Daybreak/Sunrise	April 1, 2024	75	4,725
CA HCD	Fallbrook View	February 1, 2029	364	367,931
JPMorgan Chase	Hillside Village	December 1, 2033	6,141	894,626
Berkadia Commercial Mortgage LLC	La Costa Paloma	January 1, 2029	45,473	17,281,984
Citibank, N.A.	Las Serenas	October 1, 2029	60,737	14,272,665
CalHFA	Old Grove	May 1, 2034	2,449	523,319
Pacific Life	Orange Place	January 1, 2029	964	176,566
Pacific Life	Park View Terrace	December 1, 2028	5,682	716,212
U.S. Bank, N.A.	Solara	March 1, 2026	11,518	2,036,703
NEF Preservation PB Fund I LP	Park at Woodland Springs	October 31, 2027	799,645	27,370,055
Total			2,031,715	389,409,405
Less: Current portion			(2,031,715)	(4,939,947)
Less: Unamortized debt issuance costs			-	(8,907,611)
Total, Net			\$ -	\$ 375,561,847

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 11 – 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, less accumulated amortization of \$8,580 at December 31, 2023.

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

Lender	Property	Maturity Date	Interest	Principal
Community HousingWorks				
City of Escondido	Las Casitas	February 1, 2039	\$ 135,929	\$ 182,355
City of Escondido	Las Casitas	March 2, 2039	16,115	122,000
City of Escondido	Las Casitas	September 27, 2073	90,930	139,000
City of Escondido	Las Casitas	December 31, 2029	-	170,000
Western Alliance Bank	Community HousingWorks	January 1, 2033	-	750,000
U.S. Bank, N.A.	Community HousingWorks	December 1, 2074	-	700,000
FHLB of Atlanta	Community HousingWorks	June 21, 2076	-	500,000
Citibank	15th Ave	December 6, 2048	335,593	580,000
City of Escondido	15th Ave	December 8, 2033	85,963	160,000
HCD	Amanecer	December 1, 2078	-	18,599,804
SDHC	Amanecer	October 15, 2075	558,696	7,000,000
County of San Diego - IHTF	Amanecer	September 30, 2077	604,282	7,000,000
Torrey Pines Bank	Avocado Court	May 1, 2035	256,113	1,000,000
City of Escondido	Avocado Court	September 1, 2058	-	200,000
City of Escondido	Avocado Court	March 1, 2067	-	350,000
City of Escondido	Avocado Court	March 7, 2067	142,696	477,111
City of San Diego	Cortez Hill (Development)	January 1, 2026	-	1,260,000
National City	Highland Kimball (Development)	55 years after CoO	534,974	10,482,000
National City	Highland Kimball (Development)	November 17, 2075	90,000	3,000,000
SDHC	Kalos	February 23, 2064	2,782,793	6,965,583
City of San Diego	Kalos	July 18, 2066	1,777,872	4,816,660
City of San Diego	Keeler Court	November 1, 2076	543,669	5,693,400
HCD	Keeler Court	August 30, 2077	232,000	7,188,481
CDC - City of National City	Kimball Tower	March 25, 2074	598,477	18,914,536
Pacific Premier Bank	Kimball Tower	April 1, 2076	-	1,490,000
City of Temecula	Las Haciendas (Development)	December 8, 2076	497,198	8,666,229
Los Robles Community Housing Association	Los Robles	December 31, 2068	1,017,218	5,674,977
City of Escondido	Manzanita	May 15, 2071	32,737	1,091,218
County of San Diego	Maplewood	May 28, 2054	472,233	1,376,364

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 11 – Notes Payable - Residual Receipts Debt (Continued)

Lender	Property	Maturity Date	Interest	Principal
Community HousingWorks (Continued)				
Poway Villas Community Housing Association	Mayberry	December 31, 2070	210,467	866,491
SDHC	Mayberry	December 31, 2071	115,909	905,648
City of San Diego	Mayberry	December 1, 2062	198,667	799,370
City of San Diego	Mayberry	December 1, 2062	91,254	799,957
City of Oceanside	Mission Cove Seniors	June 1, 2073	64,517	1,490,289
City of Oceanside	Mission Cove Seniors	June 1, 2073	-	8,280,000
CDC - City of National City	Morgan Tower	March 1, 2074	95,035	14,124,356
Pacific Premier Bank	Morgan Tower	April 1, 2076	-	1,500,000
SDHC	North Park Seniors	July 31, 2073	1,654,479	7,000,000
Poway Housing Authority	Oak Knoll Villas	February 1, 2063	40,537	8,151,749
CDC - City of National City	Paradise Creek	November 19, 2069	10,877	5,774,604
HCD	Paradise Creek II	November 10, 2071	267,927	3,760,617
CDC of the City of Vista	Paseo Artist Village	March 17, 2077	746,340	7,975,000
CDC of the City of Vista	Paseo Artist Village	March 17, 2107	-	5,080,000
County of San Diego HCD	Paseo Artist Village	December 31, 2076	64,771	625,000
SRC-PH Investments	Portola Senior Apartments	March 1, 2024	-	3,179,521
SRC-PH Investments	Portola Senior Apartments	April 16, 2078	245,262	3,448,998
Poway Villas Community Housing Association	Poway Villas	December 31, 2066	839,149	5,163,717
Column Financial, Inc.	Sun Ridge	August 31, 2072	-	3,000,000
Turnagain Arms Community Housing Association	Turnagain Apartments	December 31, 2064	1,841,337	6,388,767
City of Escondido	Windsor Gardens	September 24, 2074	873,252	10,800,000
City of Escondido	Windsor Gardens	August 7, 2074	51,370	785,600
Esperanza				
San Diego Housing Commission	Alabama Manor	December 31, 2063	-	3,740,662
CA HCD	Alabama Manor	November 1, 2063	964,379	2,650,000
San Diego Housing Commission	Bandar Salaam	July 1, 2055	1,272,139	2,100,000
CA HCD	Daybreak/Sunrise	February 1, 2054	599,987	846,000

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 11 – Notes Payable - Residual Receipts Debt (Continued)

Lender	Property	Maturity Date	Interest	Principal
Esperanza (Continued)				
City of Escondido	Daybreak/Sunrise	December 4, 2021 ⁽¹⁾	393,278	502,407
CalHFA	Eucalyptus View	November 1, 2056	-	63,092
City of Escondido	Eucalyptus View	October 1, 2055	16,848	125,000
City of Escondido	Eucalyptus View	October 1, 2055	334,367	480,945
San Diego HCD	Fallbrook View	October 24, 2057	800,901	1,263,000
CA HCD	Fallbrook View	October 24, 2042	883,773	1,400,000
Poway Housing Authority	Hillside Village	June 1, 2058	1,941,526	3,930,370
SDHC	Las Serenas	June 1, 2036	2,366,194	6,100,000
County of San Diego	Marisol	January 15, 2052	272,748	249,746
City of Oceanside	Marisol	February 20, 2052	-	310,797
City of Oceanside	Marisol	August 19, 2036	-	70,000
County of San Diego	Marisol	February 20, 2052	191,116	400,000
City of Oceanside	Old Grove	August 1, 2058	693,397	1,385,000
CalHFA	Old Grove	May 1, 2059	-	96,160
San Diego HCD	Old Grove	September 1, 2058	132,000	200,000
CA HCD	Old Grove	May 1, 2059	1,017,579	2,490,000
City of Escondido	Orange Place	February 20, 2052	215,970	400,000
City of Escondido	Orange Place	February 11, 2051	488,982	763,516
City of Escondido	Orange Place	December 31, 2049	-	250,000
SDCF Charitable Real Estate Fund	Park View Terrace	March 15, 2039	3,932,110	3,708,006
Bank of America Community Development Bank	Park View Terrace	October 1, 2054	-	90,000
Poway Housing Authority	Solara	February 1, 2062	314,286	564,763
San Diego HCD	Solara	February 1, 2061	375,195	849,767
Escondido				
CA HCD	Esperanza Garden	May 1, 2035	622,373	1,000,000
Total			36,045,786	250,478,633
Less: Current portion			-	(3,179,521)
Less: Unamortized debt issuance costs			-	(2,187)
Total, Net			<u>\$ 36,045,786</u>	<u>\$ 247,296,925</u>

⁽¹⁾ The City of Escondido is in the process of approving an extension as of December 31, 2023.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 12 – Derivative Financial Instruments

Certain limited partnerships entered into interest rate swap agreements to potentially minimize the effect of changes in the variable interest rates of construction and permanent loans. The counterparty to the swap has estimated the fair value of the swap agreements by discounting an estimate of the amounts of interest to be paid and an estimate of the amounts of interest to be received, net interest payable, during the swap agreement periods. Based on information obtained from the swap counterparty regarding marketability of these interest rate swap contracts, management believes that the contracts qualify as derivative financial instruments in accordance with GAAP. At December 31, 2023, derivative financial instruments were \$3,326,145.

Details of interest rate swap transactions are as follows:

Effective date	2013 through 2021
Termination date	2030 through 2038
Variable interest rate	SOFR
Fixed interest rate	3.52% to 6.05%

Unrealized gain on derivative financial instruments totaled \$313,080 for the year ended December 31, 2023.

Note 13 – 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 \$39,526,000, of which CHW has committed \$20,926,000 of unrestricted resources and \$15,750,000 available through various financing instruments. The HFF has outstanding investments of \$30,072,409 at December 31, 2023. The HFF has \$9,453,591 available at December 31, 2023, including \$5,500,000 available through debt financing for the year ended December 31, 2023.

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 \$10,537,559 at December 31, 2023.

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, 2023. Net assets with donor restrictions are summarized as follows at December 31, 2023:

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 13 – Net Assets (Continued)

Net Assets with Donor Restrictions (Continued)

Subject to expenditures for specified purposes:	
Resident estate development	\$ 80,000
Portfolio Strengthening	13,387
Financial Well-being	136,666
After School Program	360,000
Resident services	2,500
North Park Seniors	25,000
Loan loss reserve (NRC)	20,000
Various	64,353
Total subject to expenditure for specified purposes	<u>701,906</u>
Subject to expenditures for a specified time:	
Capital Magnet Fund	<u>3,000,000</u>
Total subject to expenditures for a specified time	<u>3,000,000</u>
Total net assets with donor restrictions	<u>\$ 3,701,906</u>

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 year ended December 31, 2023:

Purpose restrictions accomplished:	
Portfolio Strengthening	\$ 153,992
Financial Well-being	42,917
Resident estate development	474,066
Other:	
After School Program	136,167
Resident services	65,242
Loan loss reserve (NRC)	3,000
Various	167,397
Total net assets released from restrictions	<u>\$ 1,042,781</u>

Note 14 – Commitments and Contingencies

Operating Leases

The Organization entered into a lease agreement for office space through December 31, 2025. The Organization also has ground leases for properties in California which expire through December 2115. The lease agreements do not contain any material residual value guarantees.

The following summarizes the line items on the consolidated statement of financial position for the operating leases at December 31, 2023:

Description	
Operating lease right-of-use assets	<u>\$ 12,785,740</u>
Operating lease liabilities – current portion	656,856
Operating lease liabilities – noncurrent	<u>4,719,688</u>
Total lease liabilities	<u>\$ 5,376,544</u>

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 14 – Commitments and Contingencies (Continued)

Operating Leases (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31, 2023:

<u>Description</u>	
Operating lease cost	\$ 791,919
Variable lease expense	7,703

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

<u>Description</u>	
Weighted-average remaining lease term – operating leases	65 years
Weighted-average discount rate – operating leases	2.51

The following summarizes cash flow information related to leases for the year ended December 31, 2023:

Operating cash flows from operating leases	<u>\$ 732,156</u>
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The following is a schedule of future minimum lease payments under the lease:

Year ending December 31,

2024	\$ 656,856
2025	792,264
2026	75,000
2027	75,000
2028	75,000
Thereafter	<u>9,191,973</u>
Total lease payments	10,866,093
Less: interest	<u>(5,489,549)</u>
Present value of lease liabilities	<u>\$ 5,376,544</u>

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 \$202,659 for the year ended December 31, 2023.

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, 2023.

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 14 – Commitments and Contingencies (Continued)

Tax Benefit Guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, CHW has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, CHW has not experienced any calls on these guarantees.

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.

Note 15 – Prior period adjustment

In 2023, management re-evaluated the consolidation of its investments in limited partnerships in the consolidated financial statements of CHW. Management considered the participating rights held by the limited partners in the tax credit limited partnerships to not overcome the presumption that the general partner has control of the limited partnerships. This updated interpretation of the relevant GAAP guidance led CHW to consolidate its investments in tax credit limited partnerships as of January 1, 2023. Management re-evaluated the consolidation of its investments in limited partnerships in order to present a fuller, more accurate picture of CHW and its affiliates' financial assets, liabilities and related operational activities. The effect of the restatement of net assets as of January 1, 2023 is an increase of \$300,493,972.

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Current Assets:</u>						
Cash and cash equivalents	\$ 18,719,027	\$ 13,964,089	\$ 7,065,533	\$ 61,553	\$ -	\$ 39,810,202
Investments	11,731,006	-	-	-	-	11,731,006
Restricted reserves - current portion	-	1,473,406	692,198	-	-	2,165,604
Accounts receivable - related parties	40,033,526	-	58,021	-	(40,091,547)	-
Accounts receivable - rent, net	90,893	1,094,151	281,057	1,000	-	1,467,101
Accounts receivable - other	-	713,260	-	-	-	713,260
Prepaid expenses	143,903	1,543,338	764,975	3,954	(67,397)	2,388,773
Total Current Assets	<u>70,718,355</u>	<u>18,788,244</u>	<u>8,861,784</u>	<u>66,507</u>	<u>(40,158,944)</u>	<u>58,275,946</u>
<u>Noncurrent Assets:</u>						
Restricted reserves	6,000	19,377,973	11,096,482	432,790	-	30,913,245
Loans receivable, net	174,627	-	-	-	-	174,627
Notes receivable - related parties, net	29,837,149	-	48,197,249	-	(78,034,398)	-
Interest receivable - related parties	992,109	-	4,662,708	-	(5,654,817)	-
Property and equipment, net	1,061,399	941,120,608	111,574,705	386,329	(4,499,435)	1,049,643,606
Right of use assets	1,150,411	11,635,329	-	-	-	12,785,740
Investments in limited partnerships	26,344,487	-	189,945	-	(26,534,432)	-
Derivative financial instruments	-	3,326,145	-	-	-	3,326,145
Deposits	65,749	-	44,900	-	-	110,649
Other assets, net	-	757,508	36,962	-	-	794,470
Total Noncurrent Assets	<u>59,631,931</u>	<u>976,217,563</u>	<u>175,802,951</u>	<u>819,119</u>	<u>(114,723,082)</u>	<u>1,097,748,482</u>
TOTAL ASSETS	<u>\$ 130,350,286</u>	<u>\$ 995,005,807</u>	<u>\$ 184,664,735</u>	<u>\$ 885,626</u>	<u>\$ (154,882,026)</u>	<u>\$ 1,156,024,428</u>

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Current Liabilities:</u>						
Accounts payable and accrued expenses	\$ 963,424	\$ 3,594,738	\$ 1,178,275	\$ 2,197	\$ (227,973)	\$ 5,510,661
Accounts payable - construction	-	11,986,860	-	-	-	11,986,860
Security deposits	7,000	1,832,529	783,052	11,112	-	2,633,693
Due to related party	-	20,962,369	1,772,744	23,712	(22,758,825)	-
Deferred revenue	46,953	479,466	68,977	305	(46,953)	548,748
Interest payable - amortized debt	33,969	1,057,703	940,043	-	-	2,031,715
Notes payable - amortized debt	-	3,934,374	1,005,573	-	-	4,939,947
Notes payable - residual receipts debt	-	3,179,521	-	-	-	3,179,521
Lease liability - current portion	656,856	-	-	-	-	656,856
Total Current Liabilities	<u>1,708,202</u>	<u>47,027,560</u>	<u>5,748,664</u>	<u>37,326</u>	<u>(23,033,751)</u>	<u>31,488,001</u>
<u>Noncurrent Liabilities:</u>						
Deferred revenue	20,444	-	-	-	(20,444)	-
Lease liability	707,495	4,012,193	-	-	-	4,719,688
Due to related party	-	125,197,959	18,285,181	-	(143,483,140)	-
Interest payable - residual receipts debt	242,974	17,973,664	17,206,775	622,373	-	36,045,786
Notes payable - amortized debt, net	10,250,000	304,044,607	61,267,240	-	-	375,561,847
Notes payable - residual receipts debt, net	2,563,355	208,706,526	35,029,231	997,813	-	247,296,925
Total Noncurrent Liabilities	<u>13,784,268</u>	<u>659,934,949</u>	<u>131,788,427</u>	<u>1,620,186</u>	<u>(143,503,584)</u>	<u>663,624,246</u>
Total Liabilities	<u>15,492,470</u>	<u>706,962,509</u>	<u>137,537,091</u>	<u>1,657,512</u>	<u>(166,537,335)</u>	<u>695,112,247</u>
<u>Net Assets:</u>						
Without donor restrictions						
Controlling interest	111,155,910	24,786,025	47,127,644	(771,886)	11,655,309	193,953,002
Non-controlling interest	-	263,257,273	-	-	-	263,257,273
With donor restrictions:						
Time and purpose restrictions	3,701,906	-	-	-	-	3,701,906
Total Net Assets	<u>114,857,816</u>	<u>288,043,298</u>	<u>47,127,644</u>	<u>(771,886)</u>	<u>11,655,309</u>	<u>460,912,181</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 130,350,286</u>	<u>\$ 995,005,807</u>	<u>\$ 184,664,735</u>	<u>\$ 885,626</u>	<u>\$ (154,882,026)</u>	<u>\$ 1,156,024,428</u>

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Net Assets Without Donor Restrictions:</u>						
<u>Revenues and Support:</u>						
Contributions – Contributed Revenue	\$ 439,899	\$ -	\$ -	\$ -	\$ -	\$ 439,899
Contributions – Real Estate	1,252,133	-	-	-	(1,252,133)	-
Developer fees	11,519,570	-	-	-	(1,852,165)	9,667,405
Grants	921,973	-	-	-	-	921,973
Loan interest and investment income	4,855,266	277,081	1,449,208	11,908	(4,197,614)	2,395,849
Management fees	1,442,427	-	44,960	-	(1,487,387)	-
Other income	5,223,167	1,006,439	370,584	3,203	(228,899)	6,374,494
Program income	1,913,583	-	-	-	(1,611,663)	301,920
Rental income	-	46,815,933	17,493,463	166,068	-	64,475,464
Net assets released from restrictions	1,042,781	-	-	-	-	1,042,781
Total Revenues and Support	<u>28,610,799</u>	<u>48,099,453</u>	<u>19,358,215</u>	<u>181,179</u>	<u>(10,629,861)</u>	<u>85,619,785</u>
<u>Expenses:</u>						
<u>Program Services:</u>						
Asset management	2,347,035	-	-	-	-	2,347,035
Real estate development	4,650,007	-	-	-	-	4,650,007
Rental real estate	-	74,053,022	23,162,402	223,903	(6,299,294)	91,140,033
Resident Services	4,641,197	-	-	-	-	4,641,197
Supportive housing programs	340,220	-	-	-	-	340,220
Total Program Services	<u>11,978,459</u>	<u>74,053,022</u>	<u>23,162,402</u>	<u>223,903</u>	<u>(6,299,294)</u>	<u>103,118,492</u>
<u>Supporting Services:</u>						
Management and general	1,422,187	-	-	-	-	1,422,187
Fundraising	693,741	-	-	-	-	693,741
Total Supporting Services	<u>2,115,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,115,928</u>
Total Expenses	<u>14,094,387</u>	<u>74,053,022</u>	<u>23,162,402</u>	<u>223,903</u>	<u>(6,299,294)</u>	<u>105,234,420</u>
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	<u>14,516,412</u>	<u>(25,953,569)</u>	<u>(3,804,187)</u>	<u>(42,724)</u>	<u>(4,330,567)</u>	<u>(19,614,635)</u>

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Community HousingWorks	Partnerships and Limited Liability Companies	Esperanza Housing and Development Corporation	Escondido Housing Corporation	Eliminations	Consolidated
<u>Other Revenue and (Expenses):</u>						
Loan forgiveness and recovery	137,386	-	482,000	-	(125,626)	493,760
Obligation under interest rate swap change	-	313,080	-	-	-	313,080
Partnership income (loss)	37,443	-	(4)	-	(37,439)	-
Total Other Revenue and (Expenses)	<u>174,829</u>	<u>313,080</u>	<u>481,996</u>	<u>-</u>	<u>(163,065)</u>	<u>806,840</u>
Change in Net Assets Without Donor Restrictions	<u>14,691,241</u>	<u>(25,640,489)</u>	<u>(3,322,191)</u>	<u>(42,724)</u>	<u>(4,493,632)</u>	<u>(18,807,795)</u>
<u>Net Assets With Donor Restrictions:</u>						
Contributions	1,376,750	-	-	-	-	1,376,750
Net assets released from restrictions	<u>(1,042,781)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,042,781)</u>
Change in Net Assets With Donor Restrictions	<u>333,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,969</u>
Change in Net Assets	<u>15,025,210</u>	<u>(25,640,489)</u>	<u>(3,322,191)</u>	<u>(42,724)</u>	<u>(4,493,632)</u>	<u>(18,473,826)</u>
Net Assets at Beginning of Year, as restated	<u>99,832,606</u>	<u>281,706,317</u>	<u>50,449,835</u>	<u>(729,162)</u>	<u>20,133,066</u>	<u>451,392,662</u>
Capital contributions, net of distributions and syndication costs						
Controlling	-	3,984,125	-	-	(3,984,125)	-
Noncontrolling	<u>-</u>	<u>27,993,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,993,345</u>
NET ASSETS AT END OF YEAR	<u>\$ 114,857,816</u>	<u>\$ 288,043,298</u>	<u>\$ 47,127,644</u>	<u>\$ (771,886)</u>	<u>\$ 11,655,309</u>	<u>\$ 460,912,181</u>

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF FUNCTIONAL EXPENSES – COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services		
	Asset Management	Real Estate Development	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,664,880	\$ 3,100,831	\$ 2,887,236	\$ 12,784	\$ 799,844	\$ 275,545	\$ 8,741,120
Payroll taxes	111,777	221,464	184,457	974	71,388	46,850	636,910
Health insurance and other benefits	209,203	337,803	365,106	1,785	131,450	87,369	1,132,716
Temporary and contract personnel	48,795	227,991	52,847	503	29,973	7,108	367,217
Total Personnel Expenses	2,034,655	3,888,089	3,489,646	16,046	1,032,655	416,872	10,877,963
<u>Occupancy:</u>							
Office rent	107,932	251,289	186,594	11,248	100,533	70,372	727,968
Telephone/Internet	2,438	6,371	6,964	27	2,099	1,606	19,505
Total Occupancy	110,370	257,660	193,558	11,275	102,632	71,978	747,473
<u>Insurance</u>	3,759	8,973	11,316	40	2,950	1,974	29,012
<u>Supplies and Other Administrative Costs</u>	79,346	213,330	204,738	3,008	114,046	90,136	704,604
<u>Travel</u>	59,497	37,437	53,970	187	11,940	4,670	167,701
<u>Professional Fees:</u>							
Other professional services	8,417	113,937	92,787	3,261	16,018	14,830	249,250
Equipment and computer services	8,440	19,033	19,773	247	15,271	4,862	67,626
Accounting (audit)	4,583	13,446	14,793	50	3,955	3,077	39,904
Total Professional Fees	21,440	146,416	127,353	3,558	35,244	22,769	356,780
<u>Program/Project Expenses:</u>							
Program/Project related expenses	2,488	5,698	476,953	83,713	33,142	67,427	669,421
Property operation cost	-	-	-	194,615	-	-	194,615
Total Program/Project Expenses	2,488	5,698	476,953	278,328	33,142	67,427	864,036
<u>Other Expenses:</u>							
Interest	25,822	53,068	62,321	14,439	66,727	13,345	235,722
Depreciation and amortization	4,255	7,069	8,302	13,101	8,889	1,778	43,394
Contributions to others	5,403	11,104	13,040	238	13,962	2,792	46,539
Property loss	-	21,163	-	-	-	-	21,163
Total Other Expenses	35,480	92,404	83,663	27,778	89,578	17,915	346,818
TOTAL EXPENSES	\$ 2,347,035	\$ 4,650,007	\$ 4,641,197	\$ 340,220	\$ 1,422,187	\$ 693,741	\$ 14,094,387

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES

LIST OF AFFILIATES

DECEMBER 31, 2023

Limited partnerships with single-member limited liability companies holding controlling general partner interests:

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	-
Arden Way Housing Associates, L.P.	Salvator (CoFo achieved 5/26/23)	120	Outside CA	Boxwood Street Housing LLC	0.01%
Beech Street Housing Associates, L.P.	Development	-	-	CHW Beech Street, LLC	0.01%
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.01%
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.01%
D Avenue Housing Associates, L.P.	Development	-	-	CHW D Avenue LLC	0.01%
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.01%
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.01%
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.01%
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.01%
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.01%
Keeler Court Housing Associates, L.P.	Keeler Court Apartments	71	San Diego	Las Conchas Housing Opportunities LLC	0.01%
Kimball Tower Housing Associates, L.P.	Kimball Tower	151	National City	CHW Kimball Development, LLC	0.005%
Las Haciendas Housing Associates, L.P.	Development	-	-	CHW Las Haciendas, LLC	0.01%
Linda Vista Housing Associates, L.P.	Development	-	-	CHW Linda Vista LLC	0.009%
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.01%
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors	138	Oceanside	Carolyn Compass Rose, LLC	0.01%
Monument Boulevard Housing Associates, L.P.	Sun Ridge Apartments	198	Concord	Concord Victory Lane, LLC	0.01%
Morgan Tower Housing Associates, L.P.	Morgan Tower	152	National City	CHW Morgan Development, LLC	0.005%
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.01%
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.01%
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Poway	Fallbrook Renaissance LLC	0.01%
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LLC	0.005%
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co., LLC	0.005%
Portola Senior Housing Associates, L.P.	Portola (ToFo achieved 9/22/23)	58	-	Lake Forest Housing Opportunities, LLC	0.01%
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.01%
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	0.01%
South Santa Fe Housing Associates, L.P.	Paseo Artist Village (Construction 60 units)	60	-	Paseo Artist Village LLC	0.01%
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.01%
Tripp Avenue Housing Associates, L.P.	Parkside Terrace Apartments	201	San Jose	CHW Parkside Terrace LLC	0.01%
Turnagain Renaissance Housing Associates, L.P.	Turnagain Arms	80	Fallbrook	Fallbrook Renaissance LLC	0.01%
Ulric Street Housing Associates, L.P.	Amanecer	96	San Diego	Ulric Street Housing Opportunities LLC	0.009%
Windsor Gardens Housing Associates, L.P.	Windsor Gardens Apartments	132	Escondido	CHW Windsor Gardens LLC	0.0001%
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.01%
		3,073			

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
LIST OF AFFILIATES (CONTINUED)
DECEMBER 31, 2023

Limited partnerships and limited liability companies that are wholly owned by CHW and affiliated entities:

Partnership Name	Property Name	Units	CHW Equity Owned Through LLC	CHW %	Esperanza %	Escondido %
Alabama Manor Housing Associates, L.P.	Alabama Manor Apartments	67	N/A	0.01%	99.99%	-
Breihan Housing Associates, L.P.	Hillside Village	71	N/A	0.01%	99.99%	-
Cambern Avenue Development Holding Company, LLC	Development	-	N/A	-	100%	-
Cambern Avenue Housing Associates, L.P.	Development	-	CHW Cambern Avenue, LLC	99%	1%	-
Cedar Road Housing Associates	N/A	-	N/A	1%	99%	-
CHW Beech Street Development, LLC (<i>dissolved 11/15/2023</i>)	N/A	-	N/A	-	100%	-
CHW Las Haciendas Development, LLC (<i>dissolved 12/31/2023</i>)	N/A	-	N/A	-	100%	-
CHW Ulric Street Development, L.P.	N/A	-	N/A	1%	99%	-
Community Road Housing Associates, L.P.	Solara	56	N/A	0.01%	99.99%	-
Concord Sunridge, LLC (<i>dissolved 12/31/2023</i>)	N/A	-	N/A	-	100%	-
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	N/A	-	99%	1%
Delta Village Housing Associates, L.P.	Las Serenas	108	N/A	0.01%	99.99%	-
Dove Family Housing Associates, L.P.	La Costa Paloma	180	N/A	0.01%	99.99%	-
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	N/A	-	1%	99%
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	N/A	0.01%	99.99%	-
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	N/A	0.01%	99.99%	-
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	N/A	1%	99%	-
Highland Avenue Development Holding Company, LLC	Development	-	N/A	-	100%	-
I Street Development Holding Company, LLC	Development	-	N/A	-	100%	-
I Street Housing Associates, L.P.	Development	-	CHW I Street, LLC	99%	1%	-
Kalmia Street Housing Associates, L.P.	N/A	-	N/A	99%	1%	-
Keeler Court AHSC LLC	Development	-	N/A	-	100%	-
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	N/A	0.01%	99.99%	-
Navajo Road Development Holding Company, LLC	Development	-	N/A	-	100%	-
Navajo Road Housing Associates, L.P.	Development	-	CHW Navajo Road, LLC	0.01%	99.99%	-
Nettleton Road Housing Associates	N/A	-	N/A	1%	99%	-
Orange Place Housing Associates	Orange Place Apartments	32	N/A	1%	99%	-
Pacific Street Development Holding Company, LLC	Development	-	N/A	-	100%	-
Pacific Street Housing Associates Four, L.P.	Development	-	N/A	99%	1%	-
Pacific Street Housing Associates Nine, L.P.	Development	-	N/A	99%	1%	-
Parks at Fig, LLC (<i>dissolved 12/31/2023</i>)	N/A	-	N/A	100%	-	-
Richards Road Development Holding Company, LLC	Parks at Woodland Springs	250	N/A	-	100%	-

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
LIST OF AFFILIATES (CONTINUED)
DECEMBER 31, 2023

Limited partnerships and limited liability companies that are wholly owned by CHW and affiliated entities: (continued)

Partnership Name	Property Name	Units	CHW Equity Owned Through LLC	CHW %	Esperanza %	Escondido %
Q Street Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
Q Street Housing Associates, L.P.	<i>Development</i>	-	CHW Q Street, LLC	1%	99%	-
Swift Avenue Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
Swift Avenue Housing Associates, L.P.	<i>Development</i>	-	CHW Swift Avenue, LLC	99%	1%	-
The Bowron Road Group Limited Partnership	Parkview Terrace	92	N/A	0.02%	99.98%	-
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	N/A	1%	99%	-
Winona Avenue Housing Associates, L.P.	<i>Development</i>	-	CHW Winona Avenue, LLC	99.99%	0.01%	-
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	N/A	0.01%	99.99%	-
Wooster Avenue, LLC	N/A	-	N/A	-	100%	-
Xenia Avenue Development Holding Company, LLC	<i>Development</i>	-	N/A	-	100%	-
Xenia Avenue Housing Associates, L.P.	<i>Development</i>	-	CHW Xenia Avenue, LLC	99%	1%	-
N/A	Las Casitas Apartments ⁽¹⁾	14	N/A	100%	-	-
		<u>1,216</u>				
	Total units	<u>4,289</u>				

⁽¹⁾ Assets are recorded under Community HousingWorks.

see report of independent auditors

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Assistance Listing Number</i>	<i>Federal Expenditures</i>
<u>Department of Housing and Urban Development</u>		
HOME Investment Partnerships Program:		
Prior year loans that require continuing compliance (pass-through programs):		
City of Escondido	14.239	\$ 321,355
Total		<u>321,355</u>
Continuum of Care Program:		
Direct grant	14.267	48,061
Pass-through program:		
County of San Diego Department of Community Development	14.267	<u>136,691</u>
Total		<u>184,752</u>
Section 4 Capacity Building for Community Development and Affordable Housing:		
Pass-through program:		
Enterprise Community	14.252	<u>39,323</u>
Total		<u>39,323</u>
Total Department of Housing and Urban Development		<u>545,430</u>
<u>Neighborhood Reinvestment Corporation</u>		
Expendable Grant	99.999	<u>591,750</u>
Total		<u>591,750</u>
<u>Department of the Treasury</u>		
Community Development Financial Institutions Program		
- Capital Magnet Fund	21.011	<u>3,000,000</u>
Total		<u>3,000,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 4,137,180</u>

see report of independent auditors and accompanying notes to
Schedule of Expenditures of Federal Awards

COMMUNITY HOUSINGWORKS AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the expenditures on an accrual basis of Community HousingWorks (a California non-profit public benefit corporation) and Affiliates under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub awards to the Organization by nonfederal organizations pursuant to federal grants, contract and similar agreements.

2. Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; wherein certain types of expenditures are not allowed. Assistance Listing numbers ("AL No.") are provided when available.

The Organization elected to use the 10% de minimis indirect cost rate.

3. Outstanding federal loans

The following represents the amount of outstanding loans identified by AL No. All loans are provided by HUD and are included in the Schedule.

<u>AL No.</u>	<u>Program title</u>	<u>Loans received in 2023</u>	<u>Prior year loans with continuing compliance requirements</u>	<u>Total outstanding loans</u>
14.239	HOME Investment Partnerships Program	\$ -	\$ -	\$ 321,355

see report of independent auditors



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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 of
Community HousingWorks and Affiliates

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, a California nonprofit public benefit corporation, and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, 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 June 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community HousingWorks and Affiliates' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community HousingWorks and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community HousingWorks and Affiliates' 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 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

Walnut Creek, CA

June 24, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Community HousingWorks and Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community HousingWorks a California nonprofit public benefit corporation, and Affiliates' (the "Community HousingWorks") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Community HousingWorks' major federal programs for the year ended December 31, 2023. Community HousingWorks' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community HousingWorks complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community HousingWorks and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community HousingWorks' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community HousingWorks' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community HousingWorks' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable

user of the report on compliance about Community HousingWorks' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community HousingWorks' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community HousingWorks' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community HousingWorks' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Novogradec & Company LLP

Walnut Creek, CA
June 24, 2024

COMMUNITY HOUSINGWORKS AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> x </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> x </u>	None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> x </u>	No

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____ Yes	<u> x </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> x </u>	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	_____ Yes	<u> x </u>	No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.011	Community Development Financial Institutions Program -- Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> x </u> Yes <u> </u> No

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY HOUSINGWORKS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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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 Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community HousingWorks (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Community HousingWorks, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community HousingWorks' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community HousingWorks' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community HousingWorks' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

As described in Note 2 to the financial statements, Community HousingWorks adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter.

Supplementary 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 47 to 63 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 30, 2023, 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 30, 2023

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
<u>Current Assets:</u> (Notes 2, 4 and 5)		
Cash and cash equivalents	\$ 33,420,871	\$ 25,684,607
Investments	11,044,597	11,194,260
Security deposits	719,677	659,412
Grants and contracts receivable	-	142,188
Accounts receivable - related parties	12,188,240	15,474,227
Accounts receivable - other, net	135,299	4,651,797
Prepaid expenses	404,654	238,205
Total Current Assets	<u>57,913,338</u>	<u>58,044,696</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 6, 7 thru 10 and 16)		
Restricted reserves	10,385,787	8,455,110
Loans receivable, net	197,167	233,493
Notes receivable - related parties, net	66,140,854	64,840,246
Interest receivable	3,299,786	3,269,558
Property and equipment, net	95,186,847	75,987,470
Right of use asset	1,696,448	-
Investments in limited partnerships	23,695,954	17,921,497
Deposits	190,583	174,574
Other assets, net	38,515	40,068
Total Noncurrent Assets	<u>200,831,941</u>	<u>170,922,016</u>
TOTAL ASSETS	<u><u>\$ 258,745,279</u></u>	<u><u>\$ 228,966,712</u></u>

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

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Liabilities:</u> (Notes 2, 12 and 16)		
Accounts payable and accrued expenses	\$ 1,721,083	\$ 1,747,330
Security deposits	725,603	665,404
Deferred revenue	117,485	155,006
Current portion of lease liability	607,929	-
Current portion of notes payable - amortized debt	3,267,321	938,153
Total Current Liabilities	<u>6,439,421</u>	<u>3,505,893</u>
<u>Noncurrent Liabilities:</u> (Notes 2, 12, 13 and 16)		
Deferred revenue	65,397	112,350
Deferred lease liability	-	282,236
Operating Lease liability	1,364,350	-
Notes payable - amortized debt , net	47,015,739	34,847,001
Notes payable - residual receipts debt, net	39,072,129	30,791,167
Interest payable - residual receipts debt	17,156,874	15,755,153
Less: Current portion	(3,267,321)	(938,153)
Total Noncurrent Liabilities	<u>101,407,168</u>	<u>80,849,754</u>
Total Liabilities	<u>107,846,589</u>	<u>84,355,647</u>
<u>Obligation Under Interest Rate Swap</u> (Notes 2 and 14)	<u>-</u>	<u>17,680</u>
<u>Commitments and Contingencies</u> (Notes 11 and 16)		
<u>Net Assets:</u> (Notes 2 and 15)		
Without donor restrictions	147,680,753	144,058,658
With donor restrictions:		
Time and purpose restrictions	3,217,937	534,727
Total Net Assets	<u>150,898,690</u>	<u>144,593,385</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 258,745,279</u></u>	<u><u>\$ 228,966,712</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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 656,607	\$ 741,972	\$ 1,398,579	\$ 566,750	\$ 921,117	\$ 1,487,867
Developer fees	5,422,228	-	5,422,228	12,877,934	-	12,877,934
Grants	1,144,815	3,017,379	4,162,194	2,215,052	235,560	2,450,612
Loan interest and investment income	1,482,763	-	1,482,763	2,556,053	-	2,556,053
Management fees	670,865	-	670,865	752,070	-	752,070
Other income	3,097,606	-	3,097,606	1,527,654	-	1,527,654
Program income	804,410	-	804,410	773,543	-	773,543
Rental income	13,125,880	-	13,125,880	11,337,120	-	11,337,120
Net assets released from restrictions	1,076,141	(1,076,141)	-	1,528,730	(1,528,730)	-
Total Revenue and Support	27,481,315	2,683,210	30,164,525	34,134,906	(372,053)	33,762,853
Expenses:						
Program Services:						
Asset management	2,575,575	-	2,575,575	1,776,763	-	1,776,763
Real estate development	4,060,725	-	4,060,725	3,848,445	-	3,848,445
Rental real estate	14,716,135	-	14,716,135	13,740,650	-	13,740,650
Resident services	3,747,912	-	3,747,912	3,965,228	-	3,965,228
Supportive housing programs	274,869	-	274,869	453,334	-	453,334
Total Program Services	25,375,216	-	25,375,216	23,784,420	-	23,784,420
Supporting Services:						
Management and general	1,265,594	-	1,265,594	1,205,727	-	1,205,727
Fundraising	611,400	-	611,400	572,108	-	572,108
Total Supporting Services	1,876,994	-	1,876,994	1,777,835	-	1,777,835
Total Expenses	27,252,210	-	27,252,210	25,562,255	-	25,562,255
Change in Net Assets Before Other Revenue and (Expense)	229,105	2,683,210	2,912,315	8,572,651	(372,053)	8,200,598

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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Other Revenue and (Expense):</u>						
Loan forgiveness and recovery	\$ 418,122	\$ -	\$ 418,122	\$ 1,291,708	\$ -	\$ 1,291,708
Loss on sale of property and equipment	(193,435)	-	(193,435)	-	-	-
Obligation under interest rate swap change	17,680	-	17,680	971,833	-	971,833
Partnership loss	(515,516)	-	(515,516)	(201,733)	-	(201,733)
Total Other Revenue and (Expense)	(273,149)	-	(273,149)	2,061,808	-	2,061,808
Change in Net Assets	(44,044)	2,683,210	2,639,166	10,634,459	(372,053)	10,262,406
Net Assets at Beginning of Year	144,058,658	534,727	144,593,385	136,016,048	906,780	136,922,828
Acquisition of Partnership Interest	3,577,829	-	3,577,829	(2,846,595)	-	(2,846,595)
Contributions/(Distributions), net	88,310	-	88,310	254,746	-	254,746
NET ASSETS AT END OF YEAR	\$ 147,680,753	\$ 3,217,937	\$ 150,898,690	\$ 144,058,658	\$ 534,727	\$ 144,593,385

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, 2022

	Program Services				Supporting Services				
	Asset Management	Real Estate Development	Rental Real Estate	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Eliminations	Total Expenses
<u>Personnel Expenses:</u>									
Salaries and wages	\$ 1,782,337	\$ 2,869,037	\$ -	\$ 2,277,448	\$ 11,843	\$ 685,938	\$ 243,844	\$ -	\$ 7,870,447
Payroll taxes	114,216	205,036	-	167,183	873	56,419	33,175	-	576,902
Health insurance and other benefits	250,354	367,378	-	351,123	1,801	120,057	64,281	-	1,154,994
Temporary/contract personnel	18,550	38,176	-	33,090	405	30,426	26,392	-	147,039
Total Personnel Expenses	<u>2,165,457</u>	<u>3,479,627</u>	<u>-</u>	<u>2,828,844</u>	<u>14,922</u>	<u>892,840</u>	<u>367,692</u>	<u>-</u>	<u>9,749,382</u>
<u>Occupancy:</u>									
Office rent	127,297	215,856	-	166,743	1,114	67,001	46,006	-	624,017
Telephone/Internet	4,019	7,533	-	9,060	37	2,397	1,438	-	24,484
Total Occupancy	<u>131,316</u>	<u>223,389</u>	<u>-</u>	<u>175,803</u>	<u>1,151</u>	<u>69,398</u>	<u>47,444</u>	<u>-</u>	<u>648,501</u>
<u>Insurance</u>	<u>8,648</u>	<u>12,707</u>	<u>-</u>	<u>17,596</u>	<u>219</u>	<u>4,817</u>	<u>1,733</u>	<u>-</u>	<u>45,720</u>
<u>Supplies and Other Administrative Costs</u>	<u>94,124</u>	<u>133,726</u>	<u>-</u>	<u>154,319</u>	<u>2,296</u>	<u>105,273</u>	<u>73,272</u>	<u>-</u>	<u>563,010</u>
<u>Travel</u>	<u>24,536</u>	<u>26,996</u>	<u>-</u>	<u>33,831</u>	<u>104</u>	<u>6,160</u>	<u>3,229</u>	<u>-</u>	<u>94,856</u>
<u>Professional Fees:</u>									
Other professional services	31,138	27,402	-	90,545	1,120	42,911	40,173	-	233,289
Equipment/computer services	22,225	17,240	-	30,108	520	25,114	8,829	-	104,036
Accounting (Audit)	13,062	16,049	-	13,047	48	3,223	2,071	-	47,500
Total Professional Fees	<u>66,425</u>	<u>60,691</u>	<u>-</u>	<u>133,700</u>	<u>1,688</u>	<u>71,248</u>	<u>51,073</u>	<u>-</u>	<u>384,825</u>
<u>Program/Project Expenses:</u>									
Program/Project related expenses	4,209	2,076	-	308,899	140,369	22,879	47,382	-	525,814
Property operation cost	-	-	15,312,196	-	80,318	-	-	(4,839,405)	10,553,109
Total Program/Project Expenses	<u>4,209</u>	<u>2,076</u>	<u>15,312,196</u>	<u>308,899</u>	<u>220,687</u>	<u>22,879</u>	<u>47,382</u>	<u>(4,839,405)</u>	<u>11,078,923</u>
<u>Other Expenses:</u>									
Interest	53,662	26,545	-	65,038	13,834	63,708	13,412	-	236,199
Depreciation and amortization	22,829	10,036	4,243,344	24,587	19,873	24,084	5,071	-	4,349,824
Contributions to others	4,369	3,161	-	5,295	95	5,187	1,092	-	19,199
Property loss	-	81,771	-	-	-	-	-	-	81,771
Total Other Expenses	<u>80,860</u>	<u>121,513</u>	<u>4,243,344</u>	<u>94,920</u>	<u>33,802</u>	<u>92,979</u>	<u>19,575</u>	<u>-</u>	<u>4,686,993</u>
<u>Less: Eliminations:</u>	<u>-</u>	<u>-</u>	<u>(4,839,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,839,405</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 2,575,575</u>	<u>\$ 4,060,725</u>	<u>\$ 14,716,135</u>	<u>\$ 3,747,912</u>	<u>\$ 274,869</u>	<u>\$ 1,265,594</u>	<u>\$ 611,400</u>	<u>\$ -</u>	<u>\$ 27,252,210</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, 2021

	Program Services				Supporting Services				
	Asset Management	Real Estate Development	Rental Real Estate	Resident Services	Supportive Housing Programs	Management and General	Fundraising	Eliminations	Total Expenses
<u>Personnel Expenses:</u>									
Salaries and wages	\$ 1,292,911	\$ 2,646,998	\$ -	\$ 2,203,187	\$ 37,012	\$ 641,910	\$ 198,963	\$ -	\$ 7,020,981
Payroll taxes	78,037	197,038	-	144,294	2,483	51,611	33,390	-	506,853
Health insurance and other benefits	155,112	331,534	-	358,467	10,904	114,393	55,320	-	1,025,730
Temporary/contract personnel	7,496	32,411	-	16,916	1,153	29,284	27,907	-	115,167
Total Personnel Expenses	1,533,556	3,207,981	-	2,722,864	51,552	837,198	315,580	-	8,668,731
<u>Occupancy:</u>									
Office rent	88,742	237,998	-	142,252	22,283	77,708	51,203	-	620,186
Telephone/Internet	8,802	23,962	-	16,482	2,206	7,763	5,008	-	64,223
Total Occupancy	97,544	261,960	-	158,734	24,489	85,471	56,211	-	684,409
<u>Insurance</u>	3,619	9,277	-	11,085	992	4,693	2,053	-	31,719
<u>Supplies and Other Administrative Costs</u>	68,983	190,285	-	118,043	8,637	85,808	60,438	-	532,194
<u>Travel</u>	4,019	8,178	-	20,256	108	1,838	505	-	34,904
<u>Professional Fees:</u>									
Other professional services	15,597	52,415	-	166,072	11,555	57,496	81,559	-	384,694
Equipment/computer services	10,915	24,592	-	49,919	2,223	27,133	9,551	-	124,333
Accounting (Audit)	8,872	17,973	-	10,891	1,067	3,163	2,061	-	44,027
Total Professional Fees	35,384	94,980	-	226,882	14,845	87,792	93,171	-	553,054
<u>Program/Project Expenses:</u>									
Program/Project related expenses	202	427	-	625,926	179,884	11,871	26,511	-	844,821
Property operation cost	-	-	12,749,305	-	134,674	-	-	(2,813,322)	10,070,657
Total Program/Project Expenses	202	427	12,749,305	625,926	314,558	11,871	26,511	(2,813,322)	10,915,478
<u>Other Expenses:</u>									
Interest	20,226	42,832	-	52,350	16,820	58,545	11,331	-	202,104
Depreciation and amortization	11,334	19,765	3,804,667	24,157	20,998	27,017	5,229	-	3,913,167
Contributions to others	1,896	4,014	-	4,931	335	5,494	1,079	-	17,749
Property loss	-	8,746	-	-	-	-	-	-	8,746
Total Other Expenses	33,456	75,357	3,804,667	81,438	38,153	91,056	17,639	-	4,141,766
<u>Less: Eliminations:</u>	-	-	(2,813,322)	-	-	-	-	2,813,322	-
TOTAL EXPENSES	\$ 1,776,763	\$ 3,848,445	\$ 13,740,650	\$ 3,965,228	\$ 453,334	\$ 1,205,727	\$ 572,108	\$ -	\$ 25,562,255

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 2,639,166	\$ 10,262,406
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,348,271	3,911,614
Amortization of other assets	1,553	1,553
Amortization of debt issuance costs	418,172	363,364
Loss on sale of property and equipment	193,435	-
Net realized and unrealized loss (gain) from investments	1,205,797	(161,947)
Loan forgiveness	(24,500)	(839,154)
Partnership loss	515,516	201,733
Change in obligation under interest rate swap	(17,680)	(971,833)
(Increase) Decrease in:		
Grants and contracts receivable	142,188	(81,417)
Accounts receivable, net	7,810,686	(3,067,106)
Prepaid expenses	(146,178)	(95,549)
Interest receivable	(30,228)	(894,250)
Right of use asset	528,473	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	(65,397)	69,697
Security deposits	8,539	11,626
Deferred revenue	(93,554)	(36,751)
Operating lease liability	(562,309)	1,066
Interest payable	(141,965)	601,509
Net Cash Provided by Operating Activities	<u>16,729,985</u>	<u>9,276,561</u>
<u>Cash Flows From Investing Activities:</u>		
Investment (purchases) sales, net	(808,046)	(1,394,190)
Loans receivable, net	36,326	82,279
Notes receivable - related parties, net	(1,300,608)	1,135,949
Proceeds from sale of property and equipment	2,650,000	-
Property and equipment purchases	(10,987,475)	(5,935,922)
Partnership contributions and transfer costs, net	(5,818,458)	(6,194,182)
Refund of (Payment for) deposits	-	100,000
Net Cash Used in Investing Activities	<u>(16,228,261)</u>	<u>(12,206,066)</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds from notes payable	\$ 16,198,000	\$ 20,000,000
Payments on notes payable	(5,691,964)	(17,714,189)
Payments for debt issuance costs	(1,032,466)	(1,480,604)
Net Cash Provided by Financing Activities	<u>9,473,570</u>	<u>805,207</u>
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	9,975,294	(2,124,298)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>34,384,914</u>	<u>36,509,212</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 44,360,208</u>	<u>\$ 34,384,914</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Cash paid for interest, net of capitalized interest (Note 2)	<u>\$ 2,423,858</u>	<u>\$ 1,034,501</u>
<u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u>		
Acquisition of Community Road Housing Associates, L.P.	<u>\$ 4,500,183</u>	<u>\$ -</u>
Acquisition of Alabama Manor Housing Associates, L.P.	<u>\$ (922,354)</u>	<u>\$ -</u>

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

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 47 - 50 for the years ended December 31, 2022 and 2021, 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, across California and in Texas. With 3,801 rental apartments in 45 communities statewide, the Organization proudly served more than 11,000 residents in 2022.

The Organization delivers onsite programs to give residents the knowledge, tools, and hope to achieve their goals and dreams. CHW’s 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.

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 47 - 50.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Organization: (Continued)

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 47 - 50, which represent 100% of the assets of Escondido.

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation, has no assets at December 31, 2022 or 2021.

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

Rental Communities

Real Estate Development

CHW develops and owns affordable, attractive, and sustainable rental communities across California that people are proud to call home. Over 10,000 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 international Urban Land Institute Award of Excellence for the Americas. At the end of 2022, CHW operated 3,801 rental apartments in 45 communities, designed and managed to improve their neighborhoods and help residents build brighter futures. Extensive resident service programs further support resident success.

In 14 of our communities, residents can take advantage of a Community Center with after-school programs. All residents can also access our comprehensive asset-building programs, including Financial Fitness classes and financial coaching.

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 98.8% 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 115 supportive housing apartments in 14 communities, and 30 Community Centers.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Organization: (Continued)

Rental Communities (Continued)

Supportive Housing (Continued)

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 Washington/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+
Keeler Court	San Diego	7	Veterans Affairs Supportive Housing (VASH) Units

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, 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). CHW 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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

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. While RHSP was on hold for the last two years due to the eviction moratoriums in place, it was re-launched in January 2022. In total for 2022, there have been 137 resident referrals to the RHSP, where residents received financial counseling in which 47 of these residents completed the program.
- **Financial Security** (*meet day-to-day financial obligations*). Community Housing Works' Family Asset Building 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 2022, there was a total of 20 workshops and orientations, with over 60 resident participants. Through our Credit Strengthening Initiative program, there was a total of 54% of households who registered on the property management platform (APTEXX) to pay their rent. A total of 26% of these residents also opted-in to have their rental payments reported to the credit bureaus to strengthen their credit scores. 15% of these residents have enrolled in the Credit Strengthening Initiative program.
- **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 2022, 30 residents participated in financial well-being related coaching sessions.

2. Next Generation Success

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

- **Study Stars Afterschool Program.** Community HousingWorks' own Study Stars program focuses on achieving grade level reading for K-8th 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 2021-2022 school year, there were a total of 240 active study star students participating in the Study Stars Afterschool Program.
- **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 2022, 36 CHW residents from 20 communities won scholarships totaling \$36,000.

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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

Health and Wellness (Continued)

- **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 2022, CHW provided over 115 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.

4. Resident Engagement

Resident engagement creates a culture of trust in our communities by supporting residents in pursuing life changing goals, encouraging resident volunteerism, and providing peer-to-peer support that will lead to self-sufficiency. CHW 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. In 2022, CHW rolled out the Resident Leadership Academy (RLA) program at seven of our CHW apartment communities with onsite resident services staff.

- **Resident Leadership Academy (RLA).** The RLA is designed to give residents the tools to build and improve their communities. This 8-week training will encourage residents to organize and develop their leadership skills. Specific community needs will be based on a resident/community survey that may address: health and wellness concerns, safety, housing, financial well-being, civic engagement, and children's education.

The RLA is designed to empower residents to become leaders in their communities and achieve the following impact:

- Make it easier for individuals to succeed by implementing behaviors and actions that produce better health and wellness.
- Engaging residents in activities and knowledge that lead to healthier neighborhood environments.
- Change something about the neighborhood, community, and/or environment that leads to poor health and disease.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

Resident Leadership Academy (RLA) (Continued)

- Residents learn skills and best practices to address the issues that most affect their communities, and they work alongside their neighbors to help improve quality of life where they live.
- Build “true communities,” defined as communities in which residents develop a sense of belonging, camaraderie, and pride for one another and their community.

Note 2 - Significant Accounting Policies:

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 33,420,871	\$ 25,684,607
Security deposits	719,677	659,412
Restricted reserves	10,219,660	8,040,895
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 44,360,208</u>	<u>\$ 34,384,914</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 accounts receivable, grants, and contracts receivable was recorded at December 31, 2022 and 2021.

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 \$23,000 and \$26,000 at December 31, 2022 and 2021, respectively. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. There were no collection losses for the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

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 \$4,348,271 and \$3,911,614 for the years ended December 31, 2022 and 2021, respectively.

Interest totaling \$470,039 and \$429,089 for the years ended December 31, 2022 and 2021, respectively, was capitalized and is included in construction in progress.

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, 2022 and 2021 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, 2022 and 2021. 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 has a general partner interest in limited partnerships ranging from .005% to .01%. The general partner interest is owned by CHW, or through limited liability companies. CHW is the sole member of the limited liability companies. These ownership interests are accounted for on the equity method, and are summarized in the supplementary schedule of real estate entities.

Other Assets and Amortization

Acquisition costs totaling \$71,000 net of accumulated amortization totaling \$32,485 and \$30,932 at December 31, 2022 and 2021, 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, 2022 and 2021.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Compensated Absences

Accumulated unpaid vacation totaling \$211,368 and \$424,749 at December 31, 2022 and 2021, 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 \$725,603 and \$665,404 at December 31, 2022 and 2021, 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 \$418,172 and \$363,364 for the years ended December 31, 2022 and 2021, respectively.

Derivative Instrument

The accounting and reporting standards related to Derivative Instruments 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 14 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, 2022, 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>2022</u>	<u>2021</u>
Balance at Beginning of Year	\$ 17,680	\$ 989,513
Change in Fair Value of Obligation Under Interest Rate Swap	(17,680)	(697,124)
Payoff of swap contract	-	(274,709)
Balance at End of Year	<u>\$ -</u>	<u>\$ 17,680</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, 2022 AND 2021

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>2022</u>	<u>2021</u>
Accounts receivable – related parties	\$ 10,231,531	\$ 13,675,937
Notes receivable – related parties	<u>5,613,550</u>	<u>3,111,501</u>
Total Contract Asset	<u>\$ 15,845,081</u>	<u>\$ 16,787,438</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 \$112,350 and \$159,303 at December 31, 2022 and 2021, 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 \$70,532 and \$108,053 at December 31, 2022 and 2021, respectively.

Sales of property and equipment are recognized on the date the sale occurs. 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 \$0- and \$282,236 at December 31, 2022 and 2021, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021 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, 2022, 2021, 2020 and 2019 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, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Lease

The Organization entered into a lease agreement for office space through December 31, 2025. Pursuant to the guidance for accounting for leases, the Organization accounts for the operating leases as noted below.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. The Organization uses the risk-free rate in determining the present value of the lease payments.

The Operating lease right-of-use asset also includes any lease payments made, and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease does not contain any material residual value guarantee or material restrictive covenants. Lease expense for lease payments is recognized on the straight-line basis over the lease term.

Reclassification

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

Accounting Pronouncement Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis. The adoption had no effect on the 2022 consolidated financial statements.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases ("FASB ASC 842")* to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the consolidated statement of financial position by lessees, and the disclosures of key information about leasing arrangements.

FASB ASC 842 was adopted January 1, 2021, with certain practical expedients available. With respect to tenant leases, FASB ASC 842 did not have a material impact on the consolidated financial statements. The Organization adopted this guidance Accounting Standards Codification (ASC) 842 in 2022 using the effective date transition method which allows the Organization to apply the guidance for the current year presentation and not adjust the prior year numbers. The Organization elected the package of practical expedients that allows an entity to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. The Organization did not elect to use hindsight for leases existing at the adoption date.

As a result of the adoption of FASB ASC 842 on January 1, 2022, a right of use asset of \$2,224,921 and lease liability of \$2,534,588 was recorded.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 30, 2023, 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.

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>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 33,420,871	\$ 25,684,607
Investments	11,044,597	11,194,260
Grants and contracts receivable	-	142,188
Accounts receivable – related parties	12,188,240	15,474,227
Accounts receivable – other, net	135,299	4,651,797
Total financial assets	<u>56,789,007</u>	<u>57,147,079</u>
Less assets unavailable for general expenditures:		
Cash and investments held for board-designated purposes	<u>(26,658,671)</u>	<u>(17,220,569)</u>
Total financial assets not available to be used within one year	<u>(26,658,671)</u>	<u>(17,220,569)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,130,336</u>	<u>\$ 39,926,510</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 11. 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 15. 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
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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:

	2022			
	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, 2022
Investments:				
Fixed income funds	\$ 4,515,287	\$ -	\$ -	\$ 4,515,287
Equity funds	2,387,855	-	-	2,387,855
Equities	913,340	-	-	913,340
U.S. Treasury bills	-	3,836,192	-	3,836,192
Corporate bonds	-	295,495	-	295,495
Total Investments	<u>7,816,482</u>	<u>4,131,687</u>	<u>-</u>	<u>11,948,169</u>
Restricted Reserves: (Note 6)				
Equity funds	<u>166,127</u>	<u>-</u>	<u>-</u>	<u>166,127</u>
Total Restricted Reserves	<u>166,127</u>	<u>-</u>	<u>-</u>	<u>166,127</u>
	<u>\$ 7,982,609</u>	<u>\$ 4,131,687</u>	<u>\$ -</u>	<u>\$ 12,114,296</u>
	2021			
	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, 2021
Investments:				
Fixed income funds	\$ 3,610,980	\$ -	\$ -	\$ 3,610,980
Equity funds	2,041,737	-	-	2,041,737
Equities	718,136	-	-	718,136
U.S. Treasury bills	-	4,823,407	-	4,823,407
Total Investments	<u>6,370,853</u>	<u>4,823,407</u>	<u>-</u>	<u>11,194,260</u>
Restricted Reserves: (Note 6)				
Equity funds	<u>195,425</u>	<u>-</u>	<u>-</u>	<u>195,425</u>
Corporate bonds	<u>-</u>	<u>218,790</u>	<u>-</u>	<u>218,790</u>
Total Restricted Reserves	<u>195,425</u>	<u>218,790</u>	<u>-</u>	<u>414,215</u>
	<u>\$ 6,566,278</u>	<u>\$ 5,042,197</u>	<u>\$ -</u>	<u>\$ 11,608,475</u>

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

	2022	2021
Interest income from lending	\$ 2,474,895	\$ 2,236,305
Interest and dividend income from investments and reserves	262,302	201,276
Net realized and unrealized gains from investments	(1,205,797)	161,947
Investment fees	<u>(48,637)</u>	<u>(43,475)</u>
Total Loan Interest and Investment Income	<u>\$ 1,482,763</u>	<u>\$ 2,556,053</u>

COMMUNITY HOUSINGWORKS
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Note 5 - 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>2022</u>	<u>2021</u>
15 th Avenue Housing Cooperative	\$ 7,154	\$ 6,541
Arden Way Housing Associates, L.P.	283,988	81,424
Cedar Nettleton Housing Associates, L.P.	26,465	16,148
Cypress Cove Housing Associates, L.P.	155,972	143,274
East Mountain Housing Associates, L.P.	108,149	104,702
El Norte Housing Associates, L.P.	44,106	42,617
Florida Street Housing Associates, L.P.	61,836	59,119
Foothill Oak Housing Associates, L.P.	50,099	32,256
Fruit Avenue Housing Associates, L.P.	38,164	24,661
Keeler Court Housing Associates, L.P.	182,218	3,232,323
Kimball Tower Housing Associates, L.P.	45,528	204,006
Las Haciendas Housing Associates, L.P.	195,607	445,913
Linda Vista Housing Associates, L.P.	11,337	224
Lindo Housing Associates, L.P.	69,451	65,179
Mission Cove Seniors Housing Associates, L.P.	167,265	150,735
Monument Boulevard Housing Associates, L.P.	113,954	81,943
Morgan Tower Housing Associates, L.P.	47,516	239,023
Mountain View Housing Associates, L.P.	103,984	98,708
North Santa Fe Housing Associates, L.P.	19,970	18,075
Oak Knoll Housing Associates, L.P.	37,760	41,066
Paradise Creek Housing Partners, L.P.	10,204	6,780
Paradise Creek II Housing Partners, L.P.	4,411	2,434
Portola Housing Associates, L.P.	457,306	-
Poway Villas Housing Associates, L.P.	969	415
Poway Villas Community Housing Association	20	20
South Santa Fe Housing Associates, L.P.	502,520	631,326
Texas Street Senior Housing, L.P.	84,245	130,678
Tripp Avenue Housing Associates, L.P.	7,895,667	7,826,361
Turnagain Renaissance Housing Associates, L.P.	1,318	610
Ulric Street Housing Associates, L.P.	1,287,228	1,124,605
Windsor Gardens Housing Associates, L.P.	52,239	278,939
Woodcroft Housing Associates, L.P.	121,590	115,702
	<u>\$ 12,188,240</u>	<u>\$ 15,474,227</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 6 - 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>2022</u>	<u>2021</u>
Alabama Manor	\$ 425,452	\$ -
Bandar Salaam Apartments	511,946	482,289
Solara Apartments	367,294	-
Daybreak/Sunrise Place	293,469	300,821
Delta Village	1,121,612	232,634
Esperanza Garden Apartments	423,822	438,298
Eucalyptus View	154,488	156,668
Fallbrook View	904,966	865,080
Haley Ranch Estates	1,971,794	1,983,903
Hillside Village	685,039	697,713
La Costa Paloma	1,354,022	1,116,560
Marisol Apartments	273,140	267,677
Old Grove Apartments	378,993	377,938
Orange Place Apartments	519,713	513,018
Parkside Terrace Apartments	1,000,037	1,022,511
	<u>\$ 10,385,787</u>	<u>\$ 8,455,110</u>

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

	<u>2022</u>	<u>2021</u>
Cash	\$ 10,219,660	\$ 8,040,895
Investments	166,127	414,215
Total	<u>\$ 10,385,787</u>	<u>\$ 8,455,110</u>

Note 7 - 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>2022</u>	<u>2021</u>
Neighborhood Reinvestment Corporation	3.00%-6.50%	10 years	\$ 15,505	\$ 33,396
Neighborhood Housing Services of America - Community Development Financial Institutions	5.95%-6.50%	10 to 30 years	-	12,751
First Mortgage	6.25%	30 years	204,662	213,346
Total Loans Receivable			<u>220,167</u>	<u>259,493</u>
Less: Allowance for Collection Losses			<u>(23,000)</u>	<u>(26,000)</u>
Loans Receivable, Net			<u>\$ 197,167</u>	<u>\$ 233,493</u>

Accrued interest on loans receivable totaled \$42 and \$79 at December 31, 2022 and 2021, respectively.

COMMUNITY HOUSINGWORKS
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Note 8 - Notes Receivable - Related Parties:

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

	<u>2022</u>	<u>2021</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
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 \$82,473 and \$99,862 at December 31, 2022 and 2021, respectively.	2,731,129	2,731,129
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 \$129,972 and \$106,246 at December 31, 2022 and 2021, 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 \$275 and \$4,689 at December 31, 2022 and 2021, respectively.	-	8,866
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 \$82,085 and \$63,724 at December 31, 2022 and 2021, 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 \$39,529 and \$30,126 at December 31, 2022 and 2021, respectively.	462,889	462,889

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 8 - Notes Receivable - Related Parties: (Continued)

	<u>2022</u>	<u>2021</u>
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 \$3,698 and \$3,293 at December 31, 2022 and 2021, respectively.	\$ 6,000	\$ 6,000
The deferred developer fee from Fruit Avenue Housing Associates, L.P. bears interest at 1.53% annually. Accrued interest totaled \$19,562 and \$1,195 at December 31, 2022 and 2021, respectively.	2,953,699	3,167,851
The note receivable from Fruit Avenue Housing Associates, L.P. 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 \$1,194,384 and \$984,671 at December 31, 2022 and 2021, 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	700,000
The note receivable from Keeler Court Housing Associates, L.P. in the original amount of \$500,000 is noninterest-bearing. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than June 21, 2076.	500,000	-
The note receivable from Keeler Court Housing Associates, L.P. in the original amount of \$1,509,114 is noninterest-bearing. Principal is due no later than June 30, 2038.	1,509,114	-
The note receivable from Keeler Court Housing Associates, L.P. in the original amount of \$940,000 bears interest at 3%. Accrued interest totaled \$61,549 and \$33,302 at December 31, 2022 and 2021, respectively. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than December 1, 2076.	940,000	940,000
The deferred developer fee from Keeler Court Housing Associates, L.P. in the amount of \$178,573 is noninterest-bearing.	-	178,573

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 8 - Notes Receivable - Related Parties: (Continued)

	<u>2022</u>	<u>2021</u>
The note receivable from Linda Vista Housing Associates, L.P. in the original amount of \$531,093 bears interest at 5%. Accrued interest totaled \$-0- at December 31, 2022 and 2021. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than July 14, 2077.	\$ 531,093	\$ -
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 \$38,607 and \$81,857 at December 31, 2022 and 2021, respectively.	2,133,540	2,133,540
The deferred developer fee from Monument Boulevard Housing, L.P. in the amount of \$3,093,853 is noninterest-bearing.	905,911	1,278,552
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 \$454,643 and \$235,343 at December 31, 2022 and 2021, respectively.	8,515,249	8,515,249
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 \$34,514 and \$26,272 at December 31, 2022 and 2021, 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	195,469
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 \$146,836 and \$99,306 at December 31, 2022 and 2021, respectively.	2,011,028	2,011,028

(Continued)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 8 - Notes Receivable - Related Parties: (Continued)

	<u>2022</u>	<u>2021</u>
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 \$114,816 and \$95,922 at December 31, 2022 and 2021, 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 \$1,828,187 and \$1,224,624 at December 31, 2022 and 2021, 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 \$122,143 and \$113,503 at December 31, 2022 and 2021, respectively.	200,000	200,000
The deferred developer fee from Windsor Gardens Housing Associates, L.P. in the amount of \$1,832,949 is noninterest-bearing.	1,753,940	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 \$-0- and \$9,771 at December 31, 2022 and 2021, respectively.	-	116,358
Total Notes Receivable - Related Parties	<u>\$ 66,140,854</u>	<u>\$ 64,840,246</u>

There are no required payments due in the next five years. Accrued interest totaled \$3,299,786 and \$3,269,558 at December 31, 2022 and 2021, respectively.

Note 9 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 17,086,538	\$ 17,234,075
Buildings and improvements	126,865,218	107,222,520
Equipment	38,148	38,148
Furniture and fixtures	7,950,537	6,079,764
Vehicles and trailer	3,483	3,483
Construction in progress	24,383,772	12,666,025
Subtotal	176,327,696	143,244,015
Less: Accumulated depreciation	(81,140,849)	(67,256,545)
Property and Equipment, Net	<u>\$ 95,186,847</u>	<u>\$ 75,987,470</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 10 - 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>2022</u>	<u>2021</u>
Alabama Manor Housing Associates, L.P. (.01%)	\$ -	\$ (362)
Arden Way Housing Associates, L.P. (.01%)	2,677,205	1,284,915
Cedar Nettleton Housing Associates, L.P. (.01%)	30,140	30,164
Community Road Housing Associates, L.P. (.01%)	-	(569)
Cypress Cove Housing Associates, L.P. (.01%)	131,703	131,492
East Mountain Housing Associates, L.P. (.01%)	26,252	26,296
El Norte Housing Associates, L.P. (.01%)	249,689	249,727
Florida Street Housing Associates, L.P. (.01%)	943,950	943,973
Foothill Oak Housing Associates, L.P. (.01%)	(307)	(250)
Fruit Avenue Housing Associates, L.P. (.01%)	74,402	74,548
Keeler Court Housing Associates, L.P. (.01%)	2,752,360	100
Kimball Highland Housing Associates, L.P. (.01%)	2,000,000	-
Kimball Tower Housing Associates, L.P. (.005%)	3,256,921	3,267,715
Las Haciendas Housing Associates, L.P. (.01%)	100	-
Lindo Housing Associates, L.P. (.01%)	473,886	473,922
Mission Cove Seniors Housing Associates, L.P. (.01%)	(106,433)	(78,903)
Monument Boulevard Housing Associates, L.P. (.01%)	776,710	776,743
Morgan Tower Housing Associates, L.P. (.005%)	3,768,316	3,841,027
Mountain View Housing Associates, L.P. (.01%)	576,912	576,950
North Santa Fe Housing Associates, L.P. (.01%)	(497)	(475)
Oak Knoll Housing Associates, L.P. (.01%)	168,720	229,899
Paradise Creek Housing Partners, L.P. (.005%)	(348)	(319)
Paradise Creek II Housing Partners, L.P. (.005%)	4,549,774	4,549,828
Portola Senior Housing Associates, L.P. (.009%)	100	-
Poway Villas Housing Associates, L.P. (.01%)	(3,497)	(3,489)
Solutions Family Center, L.P. (1%)	(16,438)	(13,206)
South Santa Fe Housing Associates (.01%)	(23)	100
Texas Street Senior Housing, L.P. (.01%)	1,556,383	1,556,402
Tripp Avenue Housing Associates, L.P. (.01%)	(213,445)	(18,256)
Turnagain Renaissance Housing Associates, L.P. (.01%)	1,982	2,035
Ulric Street Housing Associates, L.P. (0.0090%)	100	100
Windsor Gardens Housing Associates, L.P. (0.0001%)	277,998	277,999
Woodcroft Street Housing Associates, L.P. (.01%)	(256,661)	(256,609)
	<u>\$ 23,695,954</u>	<u>\$ 17,921,497</u>

COMMUNITY HOUSINGWORKS
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DECEMBER 31, 2022 AND 2021

Note 10 - 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:

		2022	
	Management Fees	Other Services	Developer Fees
Arden Way Housing Associates, L.P.	\$ -	\$ -	\$ 270,000
Cedar Nettleton Housing Associates, L.P.	14,496	42,204	-
Cypress Cove Housing Associates, L.P.	29,852	115,927	-
East Mountain Housing Associates, L.P.	36,897	35,822	-
El Norte Housing Associates, L.P.	24,978	31,824	-
D Avenue Housing Associates, L.P.	-	-	2,680,000
Florida Street Housing Associates, L.P.	17,041	53,208	-
Foothill Oak Housing Associates, L.P.	32,621	-	-
Fruit Housing Associates, L.P.	5,680	-	-
Keeler Court Housing Associates, L.P.	12,875	57,444	-
Kimball Tower Housing Associates, L.P.	27,318	-	-
Lindo Housing Associates, L.P.	30,750	53,733	-
Mission Cove Seniors Housing Associates, L.P.	103,749	55,191	-
Monument Boulevard Housing Associates, L.P.	28,139	-	-
Morgan Tower Housing Associates, L.P.	27,318	-	-
Mountain View Housing Associates, L.P.	64,926	36,341	-
North Santa Fe Housing Associates, L.P.	17,832	47,710	-
Oak Knoll Housing Associates, L.P.	32,375	16,187	-
Paradise Creek Housing Partners, L.P.	-	69,556	-
Paradise Creek II Housing Partners, L.P.	-	67,530	-
Portola Housing Partners, L.P.	-	-	832,228
Poway Villas Housing Associates, L.P.	22,467	-	-
Richard Road Development Holding Co, LLC	-	-	250,000
Texas Street Senior Housing, L.P.	16,883	60,240	-
Tripp Avenue Housing Associates, L.P.	26,522	-	510,000
Turnagain Renaissance Housing Associates, L.P.	22,486	-	-
Ulric II Housing Associates, L.P.	-	-	880,000
Windsor Gardens Housing Associates, L.P.	18,564	-	-
Woodcroft Street Housing Associates, L.P.	57,096	61,493	-
	<u>\$ 670,865</u>	<u>\$ 804,410</u>	<u>\$ 5,422,228</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 10 - Investments in Limited Partnerships: (Continued)

		2021	
	Management Fees	Other Services	Developer Fees
Alabama Manor Housing Associates, L.P.	\$ 23,356	\$ 63,300	\$ -
Arden Way Housing Associates, L.P.	-	-	570,920
Cedar Nettleton Housing Associates, L.P.	14,069	41,010	-
Community Road Housing Associates, L.P.	40,466	32,050	-
Cypress Cove Housing Associates, L.P.	28,982	112,550	-
East Mountain Housing Associates, L.P.	35,823	34,778	-
El Norte Housing Associates, L.P.	24,368	30,900	-
Florida Street Housing Associates, L.P.	16,464	51,660	-
Foothill Oak Housing Associates, L.P.	31,730	-	-
Fruit Housing Associates, L.P.	5,515	-	-
Keeler Court Housing Associates, L.P.	-	-	1,237,489
Kimball Tower Housing Associates, L.P.	26,522	-	-
Las Haciendas Housing Associates, L.P.	-	-	880,000
Lindo Housing Associates, L.P.	29,854	52,167	-
Mission Cove Seniors Housing Associates, L.P.	85,687	53,845	-
Monument Boulevard Housing Associates, L.P.	27,319	-	-
Morgan Tower Housing Associates, L.P.	26,523	-	-
Mountain View Housing Associates, L.P.	64,491	35,203	-
North Santa Fe Housing Associates, L.P.	17,395	46,093	-
Oak Knoll Housing Associates, L.P.	31,280	15,640	-
Paradise Creek Housing Partners, L.P.	14,069	67,530	-
Paradise Creek II Housing Partners, L.P.	47,692	65,563	-
Poway Villas Housing Associates, L.P.	22,467	-	-
South Santa Fe Housing Associates	-	-	340,000
Texas Street Senior Housing, L.P.	16,391	58,212	-
Tripp Avenue Housing Associates, L.P.	25,750	-	9,849,525
Turnagain Renaissance Housing Associates, L.P.	22,486	-	-
Windsor Gardens Housing Associates, L.P.	18,025	(46,667)	-
Woodcroft Street Housing Associates, L.P.	55,346	59,709	-
	<u>\$ 752,070</u>	<u>\$ 773,543</u>	<u>\$ 12,877,934</u>

In addition, the Organization earned interest on advances and notes receivable to related entities totaling \$2,513,825 and \$2,361,093 for the years ended December 31, 2022 and 2021, respectively.

Note 11 - 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 (7.50% and 3.25% at December 31, 2022 and 2021, respectively). Interest is payable monthly. The line-of-credit note expires April 1, 2024. There was no outstanding balance on the line-of-credit at December 31, 2022 and 2021.

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, 2023. There was no outstanding balance on the line-of-credit at December 31, 2022 and 2021.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 11 - Lines-of-Credit (Continued)

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 April 12, 2023. There was no outstanding balance on the line-of-credit at December 31, 2022 and 2021.

Note 12 - Notes Payable – Amortized Debt

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

<u>Community HousingWorks</u>	<u>2022</u>	<u>2021</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	3,000,000
The note payable, which was originated February 1, 2022, is held by Union Bank, N.A. in the original amount of \$750,000, and bears interest at 2.25% per annum. Interest is payable quarterly. Principal and accrued interest are due February 1, 2027. Unsecured.	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, 2023, and were paid off on March 31, 2023. Unsecured.	650,000	650,000
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.	1,000,000	500,000

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 12 - Notes Payable – Amortized Debt: (Continued)

Community HousingWorks (Continued)

2022

2021

The note payable, which was originated on July 13, 2021, is held by the U.S. BanCorp Community Development Corporation in the original amount of \$2,000,000, and bears interest at 3% per annum. Interest is payable quarterly and principal payments are due quarterly beginning July 2024, through the maturity date of July 2028. Unsecured.

Total Community HousingWorks

2,000,000	2,000,000
\$ 10,900,000	\$ 9,650,000

Esperanza Housing and Community Development Corporation

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.

952,100	1,004,993
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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.

559,740	594,302
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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.

43,161	92,645
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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.

18,446	31,509
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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.

217,006	255,352
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(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 12 - Notes Payable – Amortized Debt: (Continued)

Esperanza Housing and Community Development Corporation
(Continued)

	<u>2022</u>	<u>2021</u>
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.	\$ 827,425	\$ 929,870
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.	552,470	592,212
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.	436,975	505,333
The note payable which was originated on December 30, 2021 is held by Citibank, N.A., serviced by Berkadia Commercial Mortgage LLC, in the original amount of \$18,000,000. Monthly principal and interest payments of \$75,792 are due with interest at 2.99%. Principal and interest are due January 2029. Secured by a deed of trust on La Costa Paloma Apartments.	17,661,334	18,000,000
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, 2022 and 2021). 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%, which expired on January 1, 2022 and was not renewed. Secured by a deed of trust on Delta Village Apartments.	-	4,900,000

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 12 - Notes Payable – Amortized Debt: (Continued)

Esperanza Housing and Community Development Corporation
(Continued)

	<u>2022</u>	<u>2021</u>
The note payable which was originated on February 15, 2006 is held by Union Bank of California in the original amount of \$2,365,000. The note bears interest at 6.68% per annum. Monthly installments of principal and interest are based on a 40-year amortization of the original note balance, and are payable by the Partnership in the amount of \$14,131 each month until the maturity date of March 1, 2026. Secured by a deed of trust on Community Road Apartments.	\$ 2,069,047	\$ -
The note payable which was originated on October 15, 2008 is held by Hunt Capital Partners, LLC, and sub-serviced by Pacific Servicing, LLC, in the original amount of \$982,300. The note is payable in monthly installments of \$5,443, with interest at 5.28% until November 1, 2023, when the interest rate will reset to the 10-year tax exempt bond note plus 1.50%, adjustable every 180 months with a maximum of 9.28%. The note and all accrued and unpaid interest are due on April 1, 2038. Secured by a deed of trust on Alabama Manor.	702,173	-
The loan payable which was originated on September 30, 2022 is held by Citibank, N.A. in the original amount of \$14,448,000, and bears interest at 4.89% per annum. Principal and interest are payable monthly in the amount of \$71,097. Principal and interest are due October 1, 2029. Secured by a deed of trust on Delta Village.	14,423,855	-
Total Esperanza Housing and Community Development Corporation	38,463,732	26,906,216
Less: Unamortized debt issuance costs	(2,347,993)	(1,709,215)
Total Esperanza Housing and Community Development Corporation, Net	36,115,739	25,197,001
Total Notes Payable – Amortized Debt, Net	\$ <u>47,015,739</u>	\$ <u>34,847,001</u>

Debt issuance costs total \$2,728,147 and \$2,061,733, less accumulated amortization of \$380,154 and \$352,518, at December 31, 2022 and 2021, respectively.

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

<u>Years Ended</u> <u>December 31</u>	
2023	\$ 3,267,321
2024	4,554,758
2025	4,080,865
2026	4,076,245
2027	4,317,354
Thereafter	29,067,189
Less: Unamortized debt issuance costs	(2,347,993)
Total	\$ <u>47,015,739</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 13 - 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, less accumulated amortization of \$8,310 and \$8,040 at December 31, 2022 and 2021, respectively.

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

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 13 - Notes Payable – Residual Receipts Debt: (Continued)

				2022		2021	
	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	130,369	182,355	124,868	182,355
City of Escondido	Las Casitas Maple	3%	September 27, 2073	11,930	139,000	7,760	139,000
City of Escondido	Las Casitas Washington	3%	March 2, 2039	87,230	122,000	83,550	122,000
Federal Home Loan and Bank of Atlanta (AHP)	Keeler Court	0%	June 21, 2076	-	500,000	-	-
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	-	-	-	24,500
Western Alliance Bank (AHP)	North Park Seniors	0%	January, 2033	-	750,000	-	750,000
Esperanza Housing and Community Development Corporation:							
CA Dept. of Housing and Community Development	Alabama Manor	3%	November, 2063	917,841	2,650,000	-	-
San Diego Housing Commission	Alabama Manor	0%	December 31, 2063	-	3,740,662	-	-
San Diego Housing Commission	Bandar Salaam	3%	July 2055	1,209,139	2,100,000	1,205,317	2,100,000
First Republic Bank (AHP)	Bandar Salaam	0%	July 2032	-	482,000	-	482,000
City of Poway	Solara Apartments	3%	February 1, 2062	300,224	564,763	-	-
SD Dept. of Housing and Community Development	Solara Apartments	3%	February 1, 2061	349,702	849,767	-	-
CA Dept. of Housing and Community Development	Daybreak Grove/Sunrise	3%	February 1, 2054	590,324	846,000	588,717	846,000
City of Escondido	Daybreak Grove/Sunrise	3%	December 4, 2021	388,709	502,407	387,537	502,407
San Diego Housing Commission	Delta Village	3%	June 1, 2036	2,183,194	6,100,000	2,723,651	6,100,000
City of Escondido	Eucalyptus View	3%	October 2055	13,098	125,000	13,194	125,000
City of Escondido	Eucalyptus View	3%	October 2055	319,939	480,945	305,511	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	841,773	1,400,000	799,668	1,400,000
SD Dept. of Housing and Community Development	Fallbrook View	3%	October 24, 2057	763,011	1,263,000	725,121	1,263,000
Poway Housing Authority	Hillside Village	3%	June 2058	1,823,615	3,930,370	1,743,884	3,930,370
County of San Diego	Marisol Apartments	3%	January 15, 2052	183,825	249,746	180,906	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	261,400	400,000	264,264	400,000
SD Dept. of Housing and Community Development	Old Grove Apartments	3%	September 1, 2058	126,000	200,000	120,000	200,000
City of Oceanside	Old Grove Apartments	3%	August 2058	651,847	1,385,000	610,297	1,385,000
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	942,879	2,490,000	900,124	2,490,000
City of Escondido	Orange Place	3%	July 20, 2050	246,140	400,000	248,681	400,000
City of Escondido	Orange Place	3%	February 11, 2051	466,077	763,516	470,926	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	3,756,235	3,708,006	3,678,804	3,708,006
Escondido Family Housing Corporation:							
CA Dept. of Housing and Community Development	Esperanza Gardens	3%	May, 2035	592,373	1,000,000	572,373	1,000,000
Total Notes Payable - Residual Receipts Debt				17,156,874	39,074,586	15,755,153	30,793,894
Less: Unamortized debt issuance costs				-	(2,457)	-	(2,727)
Total Notes Payable - Residual Receipts Debt, Net				\$ 17,156,874	\$ 39,072,129	\$ 15,755,153	\$ 30,791,167

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 14 - Interest Rate Swap Contracts:

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 agreement was terminated on December 30, 2021.

The bonds payable for Delta Village to the Housing Authority of the City of San Diego bear interest at a variable rate determined weekly. To minimize the effect of changes in the prime rate, the Partnership entered into an interest rate swap contract (swap) under which it pays interest at a fixed rate of 4.14%, beginning on the effective date of the swap through the termination date of January 1, 2022.

The swaps were issued at market terms so they had no fair value at its inception. The carrying amount of the swaps have been adjusted to their fair value at the end of the year. The obligation under interest rate swaps totaled \$-0- and \$17,680 at December 31, 2022 and 2021, respectively. The change in obligation under interest rate swaps totaled \$17,680 and \$971,833 for the years ended December 31, 2022 and 2021, respectively.

Note 15 - 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 \$38,315,999, of which CHW has committed \$19,065,999 of unrestricted resources and \$16,400,000 available through various financing instruments. The HFF has outstanding investments of \$22,833,992 and \$16,100,553 at December 31, 2022 and 2021, respectively. The HFF has \$7,132,007 and \$10,755,446 available at December 31, 2022 and 2021, respectively, including \$5,500,000 available through debt financing for each of the years ended December 31, 2022 and 2021.

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 \$8,324,679 and \$6,620,016 at December 31, 2022 and 2021, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 15 - 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, 2022 and 2021. Net assets with donor restrictions are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Subject to Expenditures for Specified Purposes:		
Resident estate development	\$ 2,944,066	\$ -
Portfolio Strengthening	167,379	49,630
Resident services	37,742	-
North Park Seniors	25,000	25,000
Loan loss reserve (NRC)	23,000	26,000
After School Program	16,167	57,917
Financial Well-being	4,583	116,750
Rental Assistance	-	185,930
Various	-	73,500
	<u>\$ 3,217,937</u>	<u>\$ 534,727</u>

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>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Portfolio Strengthening	\$ 606,071	\$ 786,205
Financial Well-being	160,328	255,917
Resident estate development	155,934	-
Other	73,500	24,500
After School Program	70,750	159,583
Resident services	6,558	93,510
Loan loss reserve (NRC)	3,000	9,000
CDBG Revolving Loan Fund	-	120,015
COVID Support	-	50,000
Rental Assistance	-	10,000
Operating costs - Parks at Fig Garden Apts	-	20,000
	<u>\$ 1,076,141</u>	<u>\$ 1,528,730</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 16 - Commitments and Contingencies:

Operating Leases

The Organization entered into a lease agreement for office space through December 31, 2025. The following summarizes the line items on the consolidated statements of financial position for the operating lease at December 31, 2022:

Operating lease right-of-use asset	\$ <u>1,696,448</u>
Operating lease liability - current portion	\$ 607,929
Operating lease liability - less current portion	<u>1,364,350</u>
Total Operating Lease Liabilities	\$ <u>1,972,279</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted average remaining lease term - Operating	36 Months
Weighted average discount rate	3.0%

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31, 2022:

Operating lease expense	\$ 575,771
Amortization of operating right-of-use asset	<u>44,588</u>
Total Lease Cost	\$ <u>620,359</u>

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Operating cash flows from operating leases	\$ <u>629,100</u>
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The following is a schedule of future minimum lease payments under the lease:

<u>Years Ended December 31</u>	
2023	\$ 657,156
2024	687,204
2025	<u>717,264</u>
Total Lease Payments	2,061,624
Less: Interest	<u>(89,345)</u>
Present Value of Lease Liabilities	\$ <u>1,972,279</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 16 - Commitments and Contingencies: (Continued)

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 \$274,636 and \$213,269 for the years ended December 31, 2022 and 2021, respectively.

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, 2022 and 2021.

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, 2022 and 2021. 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 \$14,426,393 and \$27,173, and \$14,536,474 and \$27,380, at December 31, 2022 and 2021, respectively. Payments on the note receivable and interest totaled \$137,461 and \$146,399 for the years ended December 31, 2022 and 2021, 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 \$5,046,407 and \$5,107,945 at December 31, 2022 and 2021, respectively. Payments on the note receivable totaled \$61,538 for each of the years ended December 31, 2022 and 2021, 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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 16 - Commitments and Contingencies: (Continued)

Grant Awards and Notes Receivables (Continued)

Paradise Creek Housing Partners, L.P. and Paradise Creek II Housing Partners, L.P. (Continued)

The balance of the note receivable and interest receivable totals \$14,714,395 and \$27,715, and \$14,786,615 and \$27,851, respectively, at December 31, 2022 and 2021, respectively. Payments on the note receivable and interest totaled \$100,071 and \$109,172 for the years ended December 31, 2022 and 2021, respectively.

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 \$3,909,916 and \$3,938,906, and payments on the note receivable totaled \$28,990 and \$29,290, for the years ended December 31, 2022 and 2021, 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 \$550,897, and \$1,745,723 and \$428,695, at December 31, 2022 and 2021, respectively. There were no grant advances totaling recorded as grant revenue for the years ended December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Notes receivable	\$ 39,842,834	\$ 40,115,663
Less: Allowance for uncollectible	(39,842,834)	(40,115,663)
Notes Receivable, Net	<u>\$ -</u>	<u>\$ -</u>
Interest receivable	\$ 605,785	\$ 483,927
Less: Allowance for uncollectible	(550,897)	(428,696)
Interest Receivable, Net	<u>\$ 54,888</u>	<u>\$ 55,231</u>
Interest income	\$ 177,089	\$ 177,432
Less: Allowance for uncollectible	(122,201)	(122,201)
Interest Income, Net	<u>\$ 54,888</u>	<u>\$ 55,231</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 17 - Acquisitions and Dispositions of Partnership Interests:

During 2022, the Organization acquired a limited partnership interest in Alabama Manor Housing Associates, L.P. and Community Road Housing Associates, L.P. As a result, the Organization has now consolidated these wholly owned partnerships and have included the capital account of the partnerships at acquisition into net assets.

During 2022, the Organization deconsolidated Portola Housing Associates, L.P. and Linda Vista 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, 2022.

During 2021, the Organization, 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, 2022

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%	99.9900%	-	Consolidated
Beech Street Housing Associates, L.P.	Development	-	-	CHW Beech Street, LLC	1.0000%	99.0000%	-	Consolidated
Breihan Housing Associates, L.P.	Hillside Village	71	Poway	N/A	0.0100%	99.9900%	-	Consolidated
Cambern Avenue Development Holding Company, LLC	Development	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Cambern Avenue Housing Associates, L.P.	Development	-	-	CHW Cambern Avenue, LLC	1.0000%	99.0000%	-	Consolidated
Cedar Road Housing Associates	Sold December 14, 2016	-	-	N/A	1.0000%	99.0000%	-	Consolidated
CHW Las Haciendas Development, LLC	Development	-	-	N/A	0.0000%	100.0000%	-	Consolidated
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.0000%	99.0000%	-	Consolidated
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.0100%	99.9900%	-	Consolidated
Concord Sunridge, LLC	Sold August 31, 2017	-	-	N/A	0.0000%	100.0000%	-	Consolidated
D Avenue Housing Associates, L.P.	Development	-	-	CHW D Avenue LLC	99.0000%	1.0000%	-	Consolidated
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	0.0000%	99.0000%	1.000%	Consolidated
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.0100%	99.9900%	-	Consolidated
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carlsbad	N/A	0.0050%	99.9900%	-	Consolidated
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	0.0000%	1.0000%	99.00%	Consolidated
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.0100%	99.9900%	-	Consolidated
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.0100%	99.9900%	-	Consolidated
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.0000%	99.0000%	-	Consolidated
Highland Avenue Development Holding Company, LLC	Development	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Kalmia Street Housing Associates, L.P.	Keeler Court Sold December 19, 2019	-	-	N/A	99.0000%	1.0000%	-	Consolidated
Keeler Court AHSC LLC	Development	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.0100%	99.9900%	-	Consolidated
Navajo Road Development Holding Company, LLC	Development	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Navajo Road Housing Associates, L.P.	Development	-	-	CHW Navajo Road, LLC	0.0100%	99.9900%	-	Consolidated
Nettleton Road Housing Associates	Sold December 14, 2016	-	-	N/A	1.0000%	99.0000%	-	Consolidated
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.0000%	99.0000%	-	Consolidated
Parks at Fig, LLC	Sold December 16, 2016	-	-	N/A	100.0000%	0.0000%	-	Consolidated
Q Street Development Holding Company, LLC	Development	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Q Street Housing Associates, L.P.	Development	-	-	CHW Q Street, LLC	1.0000%	99.0000%	-	Consolidated
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.0020%	99.9800%	-	Consolidated
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.0000%	99.0000%	-	Consolidated
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.0100%	99.9900%	-	Consolidated
Winona Avenue Housing Associates, L.P.	Development	-	-	CHW Winona Avenue, LLC	0.0100%	99.9900%	-	Consolidated
Wooster Avenue, LLC	Sold December 13, 2019	-	-	N/A	0.0000%	100.0000%	-	Consolidated
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	0.0000%	0.0000%	-	Operated by CHW
	Las Casitas Apartments	14	San Diego	N/A	100.0000%	0.0000%	-	CHW

(Continued)

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES - EQUITY
DECEMBER 31, 2022

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity	Esperanza	Escondido	Accounting Method
Arden Way Housing Associates, L.P.	Arden Way Apartments (<i>Construction 120 units</i>)	-	-	Boxwood Street Housing LLC	0.0100%	-	-	Equity
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	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	71	San Diego	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
Las Haciendas Housing Associates, L.P.	<i>Development</i>	-	-	CHW Las Haciendas, LLC	0.0100%	-	-	Equity
Linda Vista Housing Associates, L.P.	<i>Development</i>	-	-	CHW Linda Vista LLC	0.1000%	-	-	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., LLC	0.0050%	-	-	Equity
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co., LLC	0.0050%	-	-	Equity
Portola Senior Housing Associates, L.P.	<i>Development</i>	-	-	Lake Forest Housing Opportunities, LLC	0.0100%	-	-	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>)	60	-	Paseo Artist Village LLC	0.0100%	-	-	Equity
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%	-	-	Equity
Windsor Gardens Housing Associates, L.P.	Windsor Gardens Apartments	132	Escondido	CHW Windsor Gardens LLC	0.0001%	-	-	Equity
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.0100%	-	-	Equity
		<u>3,801</u>						

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES - CONSOLIDATED
DECEMBER 31, 2021

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%	99.9900%	-	Consolidated
Cedar Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.0000%	99.0000%	-	Consolidated
CHW Arden Way Development LLC	<i>Development</i>	-	-	N/A	0.0000%	100.0000%	-	Consolidated
CHW Las Haciendas Development, LLC	<i>Development</i>	-	-	N/A	0.0000%	100.0000%	-	Consolidated
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.0000%	99.0000%	-	Consolidated
Concord Sun Ridge, LLC	N/A	-	-	N/A	0.0000%	100.0000%	-	Consolidated
D Avenue Housing Associates, L.P.	<i>Development</i>	-	-	CHW D Avenue LLC	99.0000%	1.0000%	-	Consolidated
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	0.0000%	99.0000%	1.000%	Consolidated
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.0100%	99.9900%	-	Consolidated
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carlsbad	N/A	0.0050%	99.9900%	-	Consolidated
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	0.0000%	1.0000%	99.00%	Consolidated
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.0100%	99.9900%	-	Consolidated
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.0100%	99.9900%	-	Consolidated
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.0000%	99.0000%	-	Consolidated
Highland Avenue Development Holding Company, LLC	<i>Development</i>	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Kalmia Street Housing Associates, L.P.	Keeler Court <i>Sold December 19, 2019</i>	-	-	N/A	99.0000%	1.0000%	-	Consolidated
Keeler Court AHSC LLC	<i>Development</i>	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Las Haciendas Housing Associates, L.P.	<i>Development</i>	-	-	CHW Las Haciendas, LLC	0.0100%	99.9900%	-	<i>Deconsolidated 12/2021</i>
Linda Vista Housing Associates, L.P.	<i>Development</i>	-	-	CHW Linda Vista LLC	0.1000%	99.9000%	-	Consolidated
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.0100%	99.9900%	-	Consolidated
Morningside Housing Associates, L.P.	206 Cedar <i>Sold January 22, 2020</i>	-	-	West Vista Alliance, LLC	99.0000%	1.0000%	-	Consolidated
Navajo Road Development Holding Company, LLC	<i>Development</i>	-	-	N/A	0.0000%	100.0000%	-	Consolidated
Navajo Road Housing Associates, L.P.	<i>Development</i>	-	-	CHW Navajo Road, LLC	0.0100%	99.9900%	-	Consolidated
Nettleton Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.0000%	99.0000%	-	Consolidated
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.0000%	99.0000%	-	Consolidated
Parks at Fig, LLC	<i>Sold December 16, 2016</i>	-	-	N/A	100.0000%	0.0000%	-	Consolidated
Portola Senior Housing Associates, L.P.	<i>Development</i>	-	-	Lake Forest Housing Opportunities, LLC	0.0100%	99.9900%	-	Consolidated
Royal Oaks Housing Associates, L.P.	<i>Development</i>	-	-	CHW Royal Oaks LLC	0.1000%	99.9000%	-	Consolidated
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.0020%	99.9800%	-	Consolidated
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.0000%	99.0000%	-	Consolidated
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.0100%	99.9900%	-	Consolidated
Wooster Ave, LLC	<i>Sold to Tripp (December 2019)</i>	-	-	N/A	0.0000%	100.0000%	-	Consolidated
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	0.0000%	0.0000%	-	Operated by CHW
	Las Casitas Apartments	14	San Diego	N/A	100.0000%	0.0000%	-	CHW

(Continued)

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES - EQUITY
DECEMBER 31, 2021

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%	-	-	Equity
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	71	San Diego	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., LL	0.0050%	-	-	Equity
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co., I	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%	-	-	Equity
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%	-	-	Equity
Windsor Gardens Housing Associates, L.P.	Windsor Gardens Apartments	132	Escondido	CHW Windsor Gardens LLC	0.0001%	-	-	Equity
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.0100%	-	-	Equity
		<u>3,741</u>						

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	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	\$ 24,475,978	\$ 135,538	\$ 8,742,201	\$ 67,154	\$ -	\$ 33,420,871
Investments	11,044,597	-	-	-	-	11,044,597
Security deposits	7,000	-	701,563	11,114	-	719,677
Accounts receivable - related parties	12,188,240	-	-	-	-	12,188,240
Accounts receivable - other, net	5,453	-	129,846	-	-	135,299
Intercompany accounts receivable	5,863,936	-	-	-	(5,863,936)	-
Prepaid expenses	116,516	-	287,253	885	-	404,654
Total Current Assets	<u>53,701,720</u>	<u>135,538</u>	<u>9,860,863</u>	<u>79,153</u>	<u>(5,863,936)</u>	<u>57,913,338</u>
<u>Noncurrent Assets:</u>						
Restricted reserves	-	-	9,961,965	423,822	-	10,385,787
Loans receivable, net	197,167	-	-	-	-	197,167
Intercompany notes receivable	486,167	-	-	-	(486,167)	-
Notes receivable - related parties, net	17,873,179	-	48,267,675	-	-	66,140,854
Interest receivable	730,327	-	2,569,459	-	-	3,299,786
Property and equipment, net	19,510,043	-	75,283,417	393,387	-	95,186,847
Right of use asset	1,696,448	-	-	-	-	1,696,448
Investments in limited partnerships	22,511,308	6,258,054	189,949	(3,608)	(5,259,749)	23,695,954
Deposits	65,749	-	123,834	1,000	-	190,583
Other assets, net	-	-	38,515	-	-	38,515
Total Noncurrent Assets	<u>63,070,388</u>	<u>6,258,054</u>	<u>136,434,814</u>	<u>814,601</u>	<u>(5,745,916)</u>	<u>200,831,941</u>
TOTAL ASSETS	<u>\$ 116,772,108</u>	<u>\$ 6,393,592</u>	<u>\$ 146,295,677</u>	<u>\$ 893,754</u>	<u>\$ (11,609,852)</u>	<u>\$ 258,745,279</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022

	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	\$ 1,154,989	\$ -	\$ 564,361	\$ 1,733	\$ -	\$ 1,721,083
Security deposits	7,000	-	707,491	11,112	-	725,603
Intercompany payables	-	-	5,737,179	22,815	(5,759,994)	-
Deferred revenue	46,953	-	69,584	948	-	117,485
Current portion of lease liability	607,929	-	-	-	-	607,929
Current portion of notes payable - amortized debt	1,650,000	-	1,617,321	-	-	3,267,321
Total Current Liabilities	<u>3,466,871</u>	<u>-</u>	<u>8,695,936</u>	<u>36,608</u>	<u>(5,759,994)</u>	<u>6,439,421</u>
<u>Noncurrent Liabilities:</u>						
Deferred revenue	65,397	-	-	-	-	65,397
Operating lease liability	1,364,350	-	-	-	-	1,364,350
Intercompany notes payable	-	-	1,995,281	-	(1,995,281)	-
Notes payable - amortized debt, net	10,900,000	-	36,115,739	-	-	47,015,739
Notes payable - residual receipts debt, net	2,563,355	-	35,511,231	997,543	-	39,072,129
Interest payable - residual receipts debt	229,529	-	16,334,972	592,373	-	17,156,874
Less: Current portion	(1,650,000)	-	(1,617,321)	-	-	(3,267,321)
Total Noncurrent Liabilities	<u>13,472,631</u>	<u>-</u>	<u>88,339,902</u>	<u>1,589,916</u>	<u>(1,995,281)</u>	<u>101,407,168</u>
Total Liabilities	<u>16,939,502</u>	<u>-</u>	<u>97,035,838</u>	<u>1,626,524</u>	<u>(7,755,275)</u>	<u>107,846,589</u>
<u>Obligation Under Interest Rate Swap</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Assets:</u>						
Without donor restrictions	96,614,669	6,393,592	49,259,839	(732,770)	(3,854,577)	147,680,753
With donor restrictions:						
Time and purpose restrictions	3,217,937	-	-	-	-	3,217,937
Total Net Assets	<u>99,832,606</u>	<u>6,393,592</u>	<u>49,259,839</u>	<u>(732,770)</u>	<u>(3,854,577)</u>	<u>150,898,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 116,772,108</u>	<u>\$ 6,393,592</u>	<u>\$ 146,295,677</u>	<u>\$ 893,754</u>	<u>\$ (11,609,852)</u>	<u>\$ 258,745,279</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	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	\$ 23,099,224	\$ 111,094	\$ 2,373,000	\$ 101,289	\$ -	\$ 25,684,607
Investments	11,194,260	-	-	-	-	11,194,260
Security deposits	7,000	-	641,300	11,112	-	659,412
Grants and contracts receivable	142,188	-	-	-	-	142,188
Accounts receivable - related parties	15,474,227	-	-	-	-	15,474,227
Accounts receivable - other, net	4,450,808	-	200,989	-	-	4,651,797
Intercompany accounts receivable	10,699,502	-	-	-	(10,699,502)	-
Prepaid expenses	117,730	-	119,688	787	-	238,205
Total Current Assets	<u>65,184,939</u>	<u>111,094</u>	<u>3,334,977</u>	<u>113,188</u>	<u>(10,699,502)</u>	<u>58,044,696</u>
<u>Noncurrent Assets:</u>						
Restricted reserves	-	-	8,016,812	438,298	-	8,455,110
Loans receivable, net	233,493	-	-	-	-	233,493
Intercompany notes receivable	1,718,782	-	-	-	(1,718,782)	-
Notes receivable - related parties, net	16,572,571	8,251,620	40,016,055	-	-	64,840,246
Interest receivable	618,632	984,671	1,666,255	-	-	3,269,558
Property and equipment, net	4,786,405	-	70,770,620	430,445	-	75,987,470
Investments in limited partnerships	24,858,101	2,385,858	190,878	(2,933)	(9,510,407)	17,921,497
Deposits	65,749	-	107,825	1,000	-	174,574
Other assets, net	-	-	40,068	-	-	40,068
Total Noncurrent Assets	<u>48,853,733</u>	<u>11,622,149</u>	<u>120,808,513</u>	<u>866,810</u>	<u>(11,229,189)</u>	<u>170,922,016</u>
TOTAL ASSETS	<u>\$ 114,038,672</u>	<u>\$ 11,733,243</u>	<u>\$ 124,143,490</u>	<u>\$ 979,998</u>	<u>\$ (21,928,691)</u>	<u>\$ 228,966,712</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021

	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	\$ 1,327,117	\$ -	\$ 414,558	\$ 5,655	\$ -	\$ 1,747,330
Security deposits	7,000	-	647,292	11,112	-	665,404
Intercompany payables	98,376	20	10,667,510	31,945	(10,797,851)	-
Deferred revenue	46,953	-	107,213	840	-	155,006
Current portion of noncurrent liabilities	-	-	938,153	-	-	938,153
Total Current Liabilities	<u>1,479,446</u>	<u>20</u>	<u>12,774,726</u>	<u>49,552</u>	<u>(10,797,851)</u>	<u>3,505,893</u>
<u>Noncurrent Liabilities:</u>						
Deferred revenue	112,350	-	-	-	-	112,350
Deferred lease liability	282,236	-	-	-	-	282,236
Intercompany notes payable	-	-	1,718,782	-	(1,718,782)	-
Notes payable - amortized debt, net	9,650,000	-	25,197,001	-	-	34,847,001
Notes payable - residual receipts debt, net	2,087,855	-	27,706,039	997,273	-	30,791,167
Interest payable - residual receipts debt	216,178	-	14,966,602	572,373	-	15,755,153
Less: Current portion	-	-	(938,153)	-	-	(938,153)
Total Noncurrent Liabilities	<u>12,348,619</u>	<u>-</u>	<u>68,650,271</u>	<u>1,569,646</u>	<u>(1,718,782)</u>	<u>80,849,754</u>
Total Liabilities	<u>13,828,065</u>	<u>20</u>	<u>81,424,997</u>	<u>1,619,198</u>	<u>(12,516,633)</u>	<u>84,355,647</u>
<u>Obligation Under Interest Rate Swap</u>	<u>-</u>	<u>-</u>	<u>17,680</u>	<u>-</u>	<u>-</u>	<u>17,680</u>
<u>Net Assets:</u>						
Without donor restrictions	99,675,880	11,733,223	42,700,813	(639,200)	(9,412,058)	144,058,658
With donor restrictions:						
Time and purpose restrictions	534,727	-	-	-	-	534,727
Total Net Assets	<u>100,210,607</u>	<u>11,733,223</u>	<u>42,700,813</u>	<u>(639,200)</u>	<u>(9,412,058)</u>	<u>144,593,385</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 114,038,672</u>	<u>\$ 11,733,243</u>	<u>\$ 124,143,490</u>	<u>\$ 979,998</u>	<u>\$ (21,928,691)</u>	<u>\$ 228,966,712</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
Net Assets Without Donor Restrictions:						
<u>Revenues and Support:</u>						
Contributions	\$ 3,596,856	\$ -	\$ -	\$ -	\$ (2,940,249)	\$ 656,607
Developer fees	5,422,228	-	-	-	-	5,422,228
Grants	1,079,815	-	65,000	-	-	1,144,815
Loan interest and investment income	531,168	148,120	891,322	(16,239)	(71,608)	1,482,763
Management fees	1,471,229	35,595	22,491	-	(858,450)	670,865
Other income	2,739,216	-	355,737	3,310	(657)	3,097,606
Program income	1,772,851	-	-	-	(968,441)	804,410
Rental income	-	-	12,966,472	159,408	-	13,125,880
Net assets released from restrictions	1,076,141	-	-	-	-	1,076,141
Total Revenues and Support	<u>17,689,504</u>	<u>183,715</u>	<u>14,301,022</u>	<u>146,479</u>	<u>(4,839,405)</u>	<u>27,481,315</u>
<u>Expenses:</u>						
Program Services:						
Asset management	2,575,575	-	-	-	-	2,575,575
Community programs	3,747,912	-	-	-	-	3,747,912
Real estate development	4,060,725	-	-	-	-	4,060,725
Rental real estate	-	9,900	19,326,751	218,889	(4,839,405)	14,716,135
Supportive housing programs	274,869	-	-	-	-	274,869
Total Program Services	<u>10,659,081</u>	<u>9,900</u>	<u>19,326,751</u>	<u>218,889</u>	<u>(4,839,405)</u>	<u>25,375,216</u>
Supporting Services:						
Management and general	1,265,169	-	425	-	-	1,265,594
Fundraising	611,400	-	-	-	-	611,400
Total Supporting Services	<u>1,876,569</u>	<u>-</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>1,876,994</u>
Total Expenses	<u>12,535,650</u>	<u>9,900</u>	<u>19,327,176</u>	<u>218,889</u>	<u>(4,839,405)</u>	<u>27,252,210</u>
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	<u>5,153,854</u>	<u>173,815</u>	<u>(5,026,154)</u>	<u>(72,410)</u>	<u>-</u>	<u>229,105</u>

(Continued)

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	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>						
Loan forgiveness and recovery	\$ 418,122	\$ -	\$ -	\$ -	\$ -	\$ 418,122
Loss on sale of property and equipment	-	-	(193,435)	-	-	(193,435)
Obligation under interest rate swap change	-	-	17,680	-	-	17,680
Partnership income (loss)	24,182	(514,966)	(724)	(675)	(23,333)	(515,516)
Total Other Revenue and (Expenses)	<u>442,304</u>	<u>(514,966)</u>	<u>(176,479)</u>	<u>(675)</u>	<u>(23,333)</u>	<u>(273,149)</u>
Change in Net Assets Without Donor Restrictions	<u>5,596,158</u>	<u>(341,151)</u>	<u>(5,202,633)</u>	<u>(73,085)</u>	<u>(23,333)</u>	<u>(44,044)</u>
<u>Net Assets With Donor Restrictions:</u>						
Contributions	741,972	-	-	-	-	741,972
Grants	3,017,379	-	-	-	-	3,017,379
Net assets released from restrictions	<u>(1,076,141)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,076,141)</u>
Change in Net Assets With Donor Restrictions	<u>2,683,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,683,210</u>
Change in Net Assets	8,279,368	(341,151)	(5,202,633)	(73,085)	(23,333)	2,639,166
Net Assets at Beginning of Year	100,210,607	11,733,223	42,700,813	(639,200)	(9,412,058)	144,593,385
Acquisition of Partnership Interest	(8,657,369)	(9,406,888)	11,785,354	-	9,856,732	3,577,829
Contributions/(Distributions), net	<u>-</u>	<u>4,408,408</u>	<u>(23,695)</u>	<u>(20,485)</u>	<u>(4,275,918)</u>	<u>88,310</u>
NET ASSETS AT END OF YEAR	<u>\$ 99,832,606</u>	<u>\$ 6,393,592</u>	<u>\$ 49,259,839</u>	<u>\$ (732,770)</u>	<u>\$ (3,854,577)</u>	<u>\$ 150,898,690</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
Net Assets Without Donor Restrictions:						
Revenues and Support:						
Contributions	\$ 1,842,675	\$ -	\$ -	\$ -	\$ (1,275,925)	\$ 566,750
Developer fees	12,877,934	-	-	-	-	12,877,934
Grants	2,172,098	-	42,954	-	-	2,215,052
Loan interest and investment income	1,454,911	204,127	969,114	102	(72,201)	2,556,053
Management fees	1,338,327	34,558	4,538	-	(625,353)	752,070
Other income	1,325,559	-	198,843	3,252	-	1,527,654
Program income	1,613,386	-	-	-	(839,843)	773,543
Rental income	-	-	11,180,400	156,720	-	11,337,120
Net assets released from restrictions	1,528,730	-	-	-	-	1,528,730
Total Revenues and Support	<u>24,153,620</u>	<u>238,685</u>	<u>12,395,849</u>	<u>160,074</u>	<u>(2,813,322)</u>	<u>34,134,906</u>
Expenses:						
Program Services:						
Asset management	1,776,763	-	-	-	-	1,776,763
Community programs	3,965,228	-	-	-	-	3,965,228
Real estate development	3,848,445	-	-	-	-	3,848,445
Rental real estate	-	3,910	16,358,441	191,621	(2,813,322)	13,740,650
Supportive housing programs	453,334	-	-	-	-	453,334
Total Program Services	<u>10,043,770</u>	<u>3,910</u>	<u>16,358,441</u>	<u>191,621</u>	<u>(2,813,322)</u>	<u>23,784,420</u>
Supporting Services:						
Management and general	1,203,283	-	2,444	-	-	1,205,727
Fundraising	572,108	-	-	-	-	572,108
Total Supporting Services	<u>1,775,391</u>	<u>-</u>	<u>2,444</u>	<u>-</u>	<u>-</u>	<u>1,777,835</u>
Total Expenses	<u>11,819,161</u>	<u>3,910</u>	<u>16,360,885</u>	<u>191,621</u>	<u>(2,813,322)</u>	<u>25,562,255</u>
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	<u>12,334,459</u>	<u>234,775</u>	<u>(3,965,036)</u>	<u>(31,547)</u>	<u>-</u>	<u>8,572,651</u>

(Continued)

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	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>						
Loan forgiveness and recovery	\$ 477,054	\$ -	\$ 814,654	\$ -	\$ -	\$ 1,291,708
Obligation under interest rate swap change	-	-	971,833	-	-	971,833
Partnership income (loss)	33,071	(202,219)	(320)	(541)	(31,724)	(201,733)
Total Other Revenue and (Expenses)	<u>510,125</u>	<u>(202,219)</u>	<u>1,786,167</u>	<u>(541)</u>	<u>(31,724)</u>	<u>2,061,808</u>
Change in Net Assets Without Donor Restrictions	<u>12,844,584</u>	<u>32,556</u>	<u>(2,178,869)</u>	<u>(32,088)</u>	<u>(31,724)</u>	<u>10,634,459</u>
<u>Net Assets With Donor Restrictions:</u>						
Contributions	921,117	-	-	-	-	921,117
Grants	235,560	-	-	-	-	235,560
Net assets released from restrictions	<u>(1,528,730)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,528,730)</u>
Change in Net Assets With Donor Restrictions	<u>(372,053)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,053)</u>
Change in Net Assets	12,472,531	32,556	(2,178,869)	(32,088)	(31,724)	10,262,406
Net Assets at Beginning of Year	90,584,671	11,722,500	47,558,675	(593,777)	(12,349,241)	136,922,828
Acquisition of Partnership Interest	(2,846,595)	100	-	-	-	(2,846,495)
Contributions/(Distributions), net	<u>-</u>	<u>(21,933)</u>	<u>(2,678,993)</u>	<u>(13,335)</u>	<u>2,968,907</u>	<u>254,646</u>
NET ASSETS AT END OF YEAR	<u>\$ 100,210,607</u>	<u>\$ 11,733,223</u>	<u>\$ 42,700,813</u>	<u>\$ (639,200)</u>	<u>\$ (9,412,058)</u>	<u>\$ 144,593,385</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Supporting Services		
	Asset Management	Resident Services	Real Estate Development	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,782,337	\$ 2,277,448	\$ 2,869,037	\$ 11,843	\$ 685,938	\$ 243,844	\$ 7,870,447
Payroll taxes	114,216	167,183	205,036	873	56,419	33,175	576,902
Health insurance and other benefits	250,354	351,123	367,378	1,801	120,057	64,281	1,154,994
Temporary and contract personnel	18,550	33,090	38,176	405	30,426	26,392	147,039
Total Personnel Expenses	<u>2,165,457</u>	<u>2,828,844</u>	<u>3,479,627</u>	<u>14,922</u>	<u>892,840</u>	<u>367,692</u>	<u>9,749,382</u>
<u>Occupancy:</u>							
Office rent	127,297	166,743	215,856	1,114	67,001	46,006	624,017
Telephone/Internet	4,019	9,060	7,533	37	2,397	1,438	24,484
Total Occupancy	<u>131,316</u>	<u>175,803</u>	<u>223,389</u>	<u>1,151</u>	<u>69,398</u>	<u>47,444</u>	<u>648,501</u>
<u>Insurance</u>	<u>8,648</u>	<u>17,596</u>	<u>12,707</u>	<u>219</u>	<u>4,817</u>	<u>1,733</u>	<u>45,720</u>
<u>Supplies and Other Administrative Costs</u>	<u>94,124</u>	<u>154,319</u>	<u>133,726</u>	<u>2,296</u>	<u>105,273</u>	<u>73,272</u>	<u>563,010</u>
<u>Travel</u>	<u>24,536</u>	<u>33,831</u>	<u>26,996</u>	<u>104</u>	<u>6,160</u>	<u>3,229</u>	<u>94,856</u>
<u>Professional Fees:</u>							
Other professional services	31,138	90,545	27,402	1,120	42,486	40,173	232,864
Equipment and computer services	22,225	30,108	17,240	520	25,114	8,829	104,036
Accounting (audit)	13,062	13,047	16,049	48	3,223	2,071	47,500
Total Professional Fees	<u>66,425</u>	<u>133,700</u>	<u>60,691</u>	<u>1,688</u>	<u>70,823</u>	<u>51,073</u>	<u>384,400</u>
<u>Program/Project Expenses:</u>							
Program/Project related expenses	4,209	308,899	2,076	140,369	22,879	47,382	525,814
Property operation cost	-	-	-	80,318	-	-	80,318
Total Program/Project Expenses	<u>4,209</u>	<u>308,899</u>	<u>2,076</u>	<u>220,687</u>	<u>22,879</u>	<u>47,382</u>	<u>606,132</u>
<u>Other Expenses:</u>							
Interest	53,662	65,038	26,545	13,834	63,708	13,412	236,199
Depreciation and amortization	22,829	24,587	10,036	19,873	24,084	5,071	106,480
Contributions to others	4,369	5,295	3,161	95	5,187	1,092	19,199
Property loss	-	-	81,771	-	-	-	81,771
Total Other Expenses	<u>80,860</u>	<u>94,920</u>	<u>121,513</u>	<u>33,802</u>	<u>92,979</u>	<u>19,575</u>	<u>443,649</u>
TOTAL EXPENSES	<u>\$ 2,575,575</u>	<u>\$ 3,747,912</u>	<u>\$ 4,060,725</u>	<u>\$ 274,869</u>	<u>\$ 1,265,169</u>	<u>\$ 611,400</u>	<u>\$ 12,535,650</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				Supporting Services		
	Asset Management	Resident Services	Real Estate Development	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,292,911	\$ 2,203,187	\$ 2,646,998	\$ 37,012	\$ 641,910	\$ 198,963	\$ 7,020,981
Payroll taxes	78,037	144,294	197,038	2,483	51,611	33,390	506,853
Health insurance and other benefits	155,112	358,467	331,534	10,904	114,393	55,320	1,025,730
Temporary and contract personnel	7,496	16,916	32,411	1,153	29,284	27,907	115,167
Total Personnel Expenses	<u>1,533,556</u>	<u>2,722,864</u>	<u>3,207,981</u>	<u>51,552</u>	<u>837,198</u>	<u>315,580</u>	<u>8,668,731</u>
<u>Occupancy:</u>							
Office rent	88,742	142,252	237,998	22,283	77,708	51,203	620,186
Telephone/Internet	8,802	16,482	23,962	2,206	7,763	5,008	64,223
Total Occupancy	<u>97,544</u>	<u>158,734</u>	<u>261,960</u>	<u>24,489</u>	<u>85,471</u>	<u>56,211</u>	<u>684,409</u>
<u>Insurance</u>	<u>3,619</u>	<u>11,085</u>	<u>9,277</u>	<u>992</u>	<u>4,693</u>	<u>2,053</u>	<u>31,719</u>
<u>Supplies and Other Administrative Costs</u>	<u>68,983</u>	<u>118,043</u>	<u>190,285</u>	<u>8,637</u>	<u>85,808</u>	<u>60,438</u>	<u>532,194</u>
<u>Travel</u>	<u>4,019</u>	<u>20,256</u>	<u>8,178</u>	<u>108</u>	<u>1,838</u>	<u>505</u>	<u>34,904</u>
<u>Professional Fees:</u>							
Other professional services	15,597	166,072	52,415	11,555	55,052	81,559	382,250
Equipment and computer services	10,915	49,919	24,592	2,223	27,133	9,551	124,333
Accounting (audit)	8,872	10,891	17,973	1,067	3,163	2,061	44,027
Total Professional Fees	<u>35,384</u>	<u>226,882</u>	<u>94,980</u>	<u>14,845</u>	<u>85,348</u>	<u>93,171</u>	<u>550,610</u>
<u>Program/Project Expenses:</u>							
Program/Project related expenses	202	625,926	427	179,884	11,871	26,511	844,821
Property operation cost	-	-	-	134,674	-	-	134,674
Total Program/Project Expenses	<u>202</u>	<u>625,926</u>	<u>427</u>	<u>314,558</u>	<u>11,871</u>	<u>26,511</u>	<u>979,495</u>
<u>Other Expenses:</u>							
Interest	20,226	52,350	42,832	16,820	58,545	11,331	202,104
Depreciation and amortization	11,334	24,157	19,765	20,998	27,017	5,229	108,500
Contributions to others	1,896	4,931	4,014	335	5,494	1,079	17,749
Property loss	-	-	8,746	-	-	-	8,746
Total Other Expenses	<u>33,456</u>	<u>81,438</u>	<u>75,357</u>	<u>38,153</u>	<u>91,056</u>	<u>17,639</u>	<u>337,099</u>
TOTAL EXPENSES	<u>\$ 1,776,763</u>	<u>\$ 3,965,228</u>	<u>\$ 3,848,445</u>	<u>\$ 453,334</u>	<u>\$ 1,203,283</u>	<u>\$ 572,108</u>	<u>\$ 11,819,161</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
PARTNERSHIP AND LIMITED LIABILITY COMPANIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	<u>Parks at Fig Garden</u>	<u>Parks at Fig Garden</u>
Administrative	\$ 2,500	\$ 2,505
Operating expenses	-	540
Taxes and insurance	<u>7,400</u>	<u>865</u>
TOTAL EXPENSES	<u>\$ 9,900</u>	<u>\$ 3,910</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESPERANZA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Program Services - 2022																			
	Alabama Manor	Bandar Salam 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	Solara Apartments	Sun Ridge Apartments	Uline Apartments	Total 2022
Administrative	\$ 103,264	\$ 156,985	\$ 40,841	\$ 745,915	\$ (557)	\$ 128,402	\$ 202,607	\$ 195,712	\$ 166,435	\$ 404,516	\$ 103,921	\$ 192,594	\$ 49,082	\$ 2,301	\$ 244,476	\$ 170,508	\$ 8,450	\$ 26,180	\$ 2,943,632
Amortization	-	-	-	-	-	-	-	1,000	-	-	-	-	-	-	553	-	-	-	1,553
Depreciation	85,215	219,532	74,231	406,325	415,714	122,163	467,989	243,007	376,600	682,521	36,192	264,381	155,481	-	302,319	353,063	-	-	4,204,733
Grant to Community HousingWorks	-	-	-	-	3,138,774	-	-	-	-	-	-	-	-	-	-	-	-	-	3,138,774
Marketing and leasing	-	135	-	1,234	-	390	-	570	1,630	5,488	88	-	212	-	11,621	619	-	-	21,987
Mortgage interest - amortized debt	19,638	50,849	1,975	433,151	-	-	5,680	-	77,203	752,031	-	32,427	12,512	-	74,937	139,639	-	31,131	1,631,173
Mortgage interest - residual receipts debt	39,750	63,875	40,514	183,060	-	21,570	79,995	-	117,910	-	19,913	122,250	34,905	-	263,939	42,436	-	-	970,057
Operating and maintenance	75,305	273,875	88,312	397,114	-	60,484	290,216	216,573	233,506	609,307	61,341	201,697	94,284	-	423,842	164,832	-	18,529	3,211,617
Partnership management fee	12,636	37,208	29,240	177,467	-	9,303	-	50,992	102,769	60,000	20,938	49,504	26,659	-	70,822	41,882	-	-	689,420
Taxes, insurance and other financial	34,271	68,566	21,659	111,042	-	30,193	80,181	98,282	73,438	227,230	18,549	109,370	36,648	6,900	82,985	73,485	2,052	41,288	1,116,139
Utilities	17,308	207,636	30,566	145,476	-	44,325	153,163	24,608	104,417	216,467	19,340	72,978	80,347	-	90,284	181,695	-	10,081	1,398,091
TOTAL EXPENSES	\$ 387,387	\$ 1,080,661	\$ 327,338	\$ 2,600,724	\$ 3,553,931	\$ 416,830	\$ 1,279,811	\$ 830,144	\$ 1,251,908	\$ 2,957,560	\$ 282,282	\$ 1,045,201	\$ 490,130	\$ 9,201	\$ 1,505,778	\$ 1,168,159	\$ 10,502	\$ 127,609	\$ 19,327,176

Program Services - 2021																			
	Alabama Manor	Bandar Salam 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	Solara Apartments	Sun Ridge Apartments	Uline Apartments	Total 2021
Administrative	\$ -	\$ 146,497	\$ 47,588	\$ 335,667	\$ 9,064	\$ 104,739	\$ 182,428	\$ 205,894	\$ 166,672	\$ 447,470	\$ 89,345	\$ 129,399	\$ 46,900	\$ 199	\$ 237,487	\$ -	\$ 5,936	\$ 71,921	\$ 2,227,206
Amortization	-	-	-	-	-	-	-	1,000	-	-	-	-	-	-	553	-	-	-	1,553
Depreciation	-	229,661	73,390	407,159	415,714	119,999	473,596	237,680	378,862	671,874	31,790	263,427	155,557	-	307,249	-	-	-	3,765,958
Grant to Community HousingWorks	-	-	-	-	1,199,036	-	-	-	-	-	-	-	-	-	-	-	-	-	1,199,036
Marketing and leasing	-	2,086	-	2,087	-	560	-	891	692	3,098	902	-	273	-	459	-	-	-	11,048
Mortgage interest - amortized debt	-	54,195	2,600	273,255	-	-	6,360	-	81,156	945,012	-	35,546	14,507	-	83,069	-	-	114,848	1,610,548
Mortgage interest - residual receipts debt	-	80,413	40,514	182,492	-	21,700	79,890	-	117,911	-	20,053	107,429	34,905	-	203,940	-	-	-	889,247
Operating and maintenance	-	232,556	63,936	389,007	-	65,270	285,553	229,272	201,238	597,400	58,515	206,711	137,725	-	175,034	-	-	33,318	2,675,535
Partnership management fee	-	36,124	29,240	130,381	-	9,032	-	32,101	70,771	60,000	20,328	58,013	25,634	-	75,383	-	-	-	547,007
Taxes, insurance and other financial	-	62,154	19,353	119,624	-	29,100	81,488	106,244	74,921	1,471,172	15,478	78,283	40,117	4,216	83,164	-	300	77,396	2,263,010
Utilities	-	162,394	27,422	152,898	-	41,197	137,567	26,366	92,494	248,863	18,928	64,918	84,717	-	92,176	-	-	20,797	1,170,737
TOTAL EXPENSES	\$ -	\$ 1,006,080	\$ 304,043	\$ 1,992,570	\$ 1,623,814	\$ 391,597	\$ 1,246,882	\$ 839,448	\$ 1,184,717	\$ 4,444,889	\$ 255,339	\$ 943,726	\$ 540,335	\$ 4,415	\$ 1,258,514	\$ -	\$ 6,236	\$ 318,280	\$ 16,360,845

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESCONDIDO FAMILY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	Esperanza Garden Apartments	Esperanza Garden Apartments
Administrative	\$ 27,965	\$ 23,133
Depreciation	37,058	37,156
Mortgage interest - residual receipts debt	30,270	30,270
Operating and maintenance	73,164	44,841
Partnership management fee	22,491	31,866
Taxes and insurance	13,154	11,482
Utilities	<u>14,787</u>	<u>12,873</u>
TOTAL EXPENSES	<u><u>\$ 218,889</u></u>	<u><u>\$ 191,621</u></u>

**COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grants/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing 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	CA1025L9D012006 / CA1025L9D012107	\$ 62,648	\$ -	\$ 62,648	\$ 62,648
Total Direct Program			<u>62,648</u>	<u>-</u>	<u>62,648</u>	<u>62,648</u>
Pass-Through Programs From:						
Supportive Housing Program:	14.235					
County of San Diego Department of Community Development (Loan)		N/A	-	-	24,500	24,500
HOME Investment Partnerships Program:	14.239					
City of Escondido (Loan)		N/A	-	-	139,000	139,000
City of Escondido (Loan)		N/A	-	-	182,355	182,355
Total HOME Investment Partnerships Program			<u>-</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		CA0709L9D011913 / CA0703L9D012013	107,597	-	107,597	107,597
Total Pass-Through Programs			<u>107,597</u>	<u>-</u>	<u>453,452</u>	<u>453,452</u>
Total U.S. Department of Housing and Urban Development			<u>170,245</u>	<u>-</u>	<u>516,100</u>	<u>516,100</u>
Neighborhood Reinvestment Corporation:						
Direct Programs:						
Expendable Grant	99.999	N/A	538,430	-	606,611	606,611
Total Direct Programs			<u>538,430</u>	<u>-</u>	<u>606,611</u>	<u>606,611</u>
Total Neighborhood Reinvestment Corporation			<u>538,430</u>	<u>-</u>	<u>606,611</u>	<u>606,611</u>
Total Expenditures of Federal Awards			<u>\$ 708,675</u>	<u>\$ -</u>	<u>\$ 1,122,711</u>	<u>\$ 1,122,711</u>

COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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, 2022:

Assistance Listing Number	Program Name	Loans Outstanding at December 31, 2021	Loans Awarded for the Year Ended December 31, 2022	Loan Principal Repaid for the Year Ended December 31, 2022	Loans Outstanding at December 31, 2022
14.235	Supportive Housing Program:				
	County of San Diego Department of Community Development	\$ 24,500	\$ -	\$ 24,500	\$ -
14.239	Home Investment Partnerships Program:				
	City of Escondido	182,355	-	-	182,355
	City of Escondido	139,000	-	-	139,000
		<u>321,355</u>	<u>-</u>	<u>-</u>	<u>321,355</u>
	Total Loans	<u>\$ 345,855</u>	<u>\$ -</u>	<u>\$ 24,500</u>	<u>\$ 321,355</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, 2022, 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 30, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on Internal Control over Financial Reporting

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Housing Works' 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 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 Housing Works' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Housing Works' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 30, 2023



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

Opinion on the Major Federal Program

We have audited Community HousingWorks' compliance with the types of compliance requirements identified as subject to audit 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, 2022. Community HousingWorks' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community HousingWorks complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community HousingWorks, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Community HousingWorks' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community HousingWorks' federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community HousingWorks' compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community HousingWorks' compliance with the requirements the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community HousingWorks' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community HousingWorks' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 Community HousingWorks' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 30, 2023

**COMMUNITY HOUSINGWORKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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:

Assistance Listing 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

Q15: Financing 40th & Alpha Street Apartments

To address the financing plan for the proposed 40th & Alpha Street Apartments development, we have prepared a Sources and Uses of Funds summary that outlines how the project will be financed through a combination of public and private funding sources beyond the applicant's own equity. This information provides a clear overview of the capital stack supporting the development and demonstrates how all costs will be covered. For additional detail and supporting schedules, please refer to the FY26 NOFA Financial Workbook, which contains the full financial breakdown.

The following Sources and Uses table presents a summary of the anticipated financing plan for 40th & Alpha.

Sources & Uses of Funds

Sources	
Category	Amount
Tax Exempt Perm Loan	\$8,447,631
B Bonds	\$1,935,107
SDHC, NOFA 26-01	\$1,383,000
Accrued Deferred Interest - SDHC, NOFA 26-01	\$37,560
Refund	\$140,953
SD Economic Dev - Bridge to Home Round 4	\$4,500,000
Accrued Deferred Interest - Bridge to Home Round 4	\$122,211
HCD CDBG Disaster Recovery Multifamily Housing Program	\$2,617,000
Accrued Deferred Interest – CDBG-DR MHP	\$95,190
Deferred Developer Fee	\$3,465,038
Capital Contributions	
GP Capital - Sponsor	\$100
Limited Partners (Tax Equity)	\$26,881,538
TOTAL SOURCES	\$49,625,328

Uses	
Category	Amount
Acquisition	\$1,383,000
Sitework	\$3,323,835
Structures	\$16,998,540
Contingency	\$3,832,075
General Requirements	\$437,400
Contractor Overhead	\$1,689,480
Contractor Profit	\$1,276,282
General Liability Insurance	\$306,285
Amenities/FF&E, Demolition, GC - Bond Premium, PV System	\$1,700,198
Architectural, Survey, & Engineering	\$2,032,899
Construction Interest & Fees	\$3,588,670
Permanent Financing	\$124,357
Legal	\$372,500
Rent Reserves	\$27,600
Operating Reserve	\$326,554
Capitalized Reserve 1st Year Operating	\$69,000

Appraisal	\$17,500
Contingency	\$12,000
TCAC Application/Allocation/Monitoring	\$89,681
Marketing	\$12,487
Remediation	\$200,000
Parking	\$1,685,692
Environmental Audit	\$42,000
Local Development Impact Fees	\$809,734
Permit Processing Fees	\$1,934,703
Furnishings	\$150,000
Market Study	\$25,000
Accounting/Reimbursable	\$44,700
Soft Cost Contingency	\$357,127
CDLAC and CDIAC Fees	\$9,708
Prevailing Wage Monitor	\$323,670
Consultants	\$202,800
Accrued Interest	\$159,771
Predev. Loan Interest/Fees	\$95,042
Developer Fee	\$5,965,038
TOTAL DEVELOPMENT COST	\$49,625,328
TDC Per Unit	\$539,406
Surplus/(Deficit)	\$-





QUESTION 17 - BANK REFERENCES

1. Lisa Gutierrez

Senior Vice President, Director of National Lending and Multi-Fund Investing- Affordable Housing, U.S.

Bancorp Community Development Corporation

Lisa.gutierrez@usbank.com

(916).498.3457

Lender for Ulric I; US Bank is tax credit investor on Morgan Tower and Kimball Tower

2. Kevin Brown

Housing Finance Officer, Multifamily Lending Programs

California Housing Finance Agency

Kbrown@calhfa.ca.gov

Lender to Salvator fka Arden, and Kimball Highland Master Plan

3. Steve Herman

Senior Vice President | Community Development Finance Division

California Bank and Trust

Steven.Herman@calbt.com

(310) 407-6181

Lender for Portola Seniors

Question 20 – 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.11/2023	\$148,761	Closed
Ulric Street Apartments Public Improvements	Public Improvement Bond to build affordable housing	Est. 11/2023	\$114,351	Closed
Keeler Court Apartments Public Improvements	Grading and improvement plans to build affordable housing	Est. 12/2023	\$331,240	Closed
Paseo Artist Village – Landscaping and Irrigation Bond	Public landscaping and irrigation related to development of affordable housing	Est. 2/2024	\$22,000	Closed
Paseo Artist Village – Performance Bond	Site improvement work related to development of affordable housing	Est. 2/2024	\$27,000	Closed
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	Closed
Paseo Artist Village – Payment and Performance Bond	Construction of Water System related to development of affordable housing	Est. 2/2022	\$78,163	Closed
Paseo Artist Village – Warranty Bond	Construction of Water System related to development of affordable housing	Est. 2/2022	\$7,816	Closed
Cortez Hill Apartments-Public Improvements	Grading bond to build affordable housing	Est. 4/2025	\$246,819	Closed

Community HousingWorks

QUALIFICATIONS

Community HousingWorks (CHW) is a nationally recognized 501(c)(3) nonprofit organization that believes “opportunity begins with a stable home.” Founded and headquartered in San Diego County in 1988, Community HousingWorks develops and owns life-changing affordable apartment communities with resident-centered services for working families, older adults, and people with disabilities to forge stronger futures.

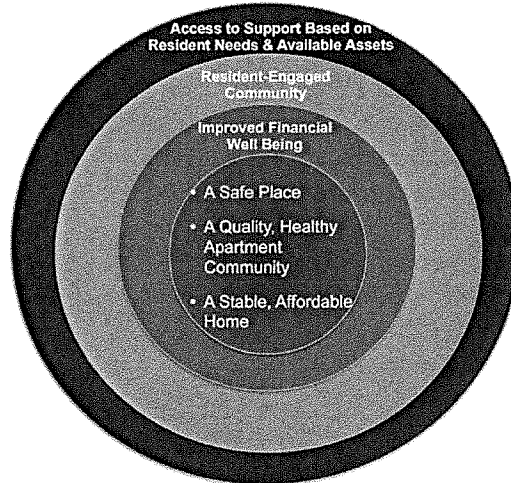


North Santa Fe | Vista, CA

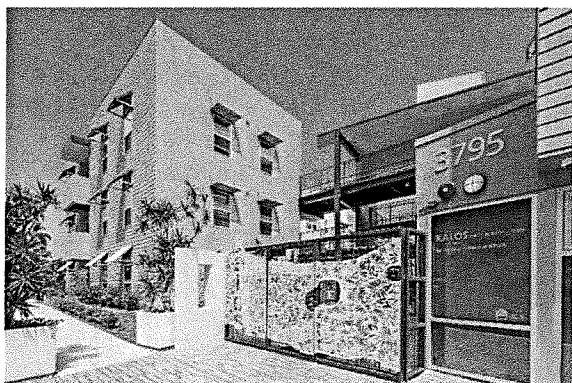
CHW has successfully developed new and renovated existing multi-family, affordable rental apartments in urban, suburban and rural communities in California and Texas. With 4,971 rental apartments operating in 52 communities statewide as of December 2024, and with approximately 232 apartments currently in construction and another 2,623 apartments in predevelopment, CHW proudly serves more than 11,000 children and adults each year. CHW is an exemplary member of the national NeighborWorks Network®, a founding member of the Housing Opportunities Collaborative, an award-winning affiliate of UnidosUS, and the national Housing Partnership Network.

In addition to developing quality, cost-effective apartment communities, CHW distinguishes itself from other developers with outcome-based programs for our residents. CHW delivers innovative, nationally recognized onsite programs to residents to give people the knowledge and tools 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, all of which are critical elements to forging pathways out of poverty. Youth have a safe place to learn and grow, to improve their reading ability, and have a better opportunity to succeed in school. Our board of directors, donors, and fund-raising programs help support the cost of these services.

Community HousingWorks best illustrates our approach with the following graphic of impact on residents:



DEVELOPER EXPERIENCE



Kalos | San Diego, CA

Since 1988, CHW's Housing and Real Estate Development Department has established a successful track record as an innovative real estate developer. Our rental developments thrive both in higher income "high opportunity" communities, such as Carlsbad and suburban Poway, and also revitalize neighborhoods and change lives in urban core communities.

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, master plans, challenging site conditions from alluvial soils

bordering blue line stream creeks to contaminated soil. We are experienced in construction types including Type V, Type III modified over Type I- the form that is comparable to the future of infill housing. The successful development and operation of these rental communities demonstrate our capacity to acquire, design, purchase land, obtain entitlements, finance, build and operate residential properties. Unlike some affordable housing nonprofits whose portfolio list has thousands of units where they were not the primary developer but only the tax-exempt partner to secure property tax exemptions, CHW has been the sole developer, or the lead partner, in the development of all communities in our portfolio, with the exception of Paradise Creek where we were a substantial partner.

PORTFOLIO OVERVIEW

In the last several years, CHW grew by over 40%, transforming itself into a powerhouse recognized by *Affordable Housing Finance Magazine* as number 44 of the "Top 50 Affordable Housing Developers" nationwide in 2020 (we were also selected on the list in 2014 and 2016).

Community HousingWorks' portfolio is valued at nearly \$1 billion. In December 2021, CHW had Unrestricted Net Assets of \$136 million. We maintain a cash position covering at least six months of operations and derive our income from diverse funding sources including governments, foundations, corporate grants, individual donors, developer fees, and asset management fees. The diversity of funding sources and business lines has allowed CHW to be resilient and grow significantly.



North Park Seniors | San Diego, CA

PROJECT FINANCING STRENGTH

CHW has been recognized for many forms of innovation including finance, design, and resident services programming. As the 2010 recipient of Novogradac's *Journal of Tax Credits* "Developments of Distinction for Innovative HUD Financing" award, CHW has clearly demonstrated our ability to innovate and create replicable templates for complex financing. We have a successful record of obtaining competitive financing

from sources including private lenders, Low-Income Housing Tax Credit (LIHTC) investors, the U.S. Department of Housing and Urban Development (HUD), and the State of California. These include awards from the Transit Oriented Development (TOD), Infill Infrastructure (IIG) Program, Multi-Family Housing Program (MHP), and the Affordable Housing Sustainable Communities (AHSC or Cap and Trade). Additionally, CHW has won Federal Home Loan Bank's (FHLBank) Affordable Housing Program (AHP) multiple times from both the San Francisco and Atlanta Districts. CHW has received over 30 tax credit allocations from the California Tax Credit Allocation Committee (CTCAC), and has strong access to capital, both debt and equity, from internal and third-party sources. Our financial strength and development success recently allowed us to attract an equity investment (not tax credits) of \$13 million to help purchase a community of 198 apartments (NEF/Morgan Stanley Fund) in Concord, California.

Undertaking: Innovative HUD Finance

Exemplar: Turnagain Apartments

In this acquisition and substantial renovation in Fallbrook, CHW was able to combine an unusual HUD finance program, the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRA), with low-income housing tax credits. As essentially the first project to succeed in deciphering how HUD could do this in order to preserve aging, affordable apartments and extend the affordability restrictions, we created new policy at HUD. Our counsel's brief was reviewed and accepted by HUD's chief counsel in Washington, D.C., we were able to obtain income protection vouchers for our residents as well as a new, project-based Section 8 contract that reflected subsidy rents based on both hard and soft debt. An expected challenge was the meltdown of the financial markets: we closed financing on October 3, 2008, the day that the headlines in the *Wall Street Journal* read "On the edge of an abyss". Nevertheless, we were able to continue with our lender and investor, complete the project on time and on budget, and provide improved homes for the 80 families who live there. After this project, CHW was able to use this model for two other San Diego County LIHPRA projects and we paved the way for other affordable housing developers to be able to preserve former LIHPRA projects.

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 a concrete podium in San Diego's North Park neighborhood) to several other local developments.

Undertaking: On Time, Under Budget, Stellar Costs by Industry Norms

Exemplar: North Santa Fe Apartments

CHW's 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 the 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 and working successfully with a city for both housing development as well as permits.

The project received a Green Point Rated certification of 201 points (Platinum), one of the top seven scores ever recorded in California, and was constructed early while 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.

COMPLEX ENTITLEMENTS AND MASTER PLANS

CHW has tackled the creation of master plans and innovation in entitlements in order to maximize feasibility for affordable homes while preserving the sense of place and community.

Undertaking: Innovative Entitlements and Partnership

Exemplar: North Park Seniors

In this land acquisition and new construction completed in 2017, CHW addressed the complexity of finance, and entitlements, as well as working closely with a community partner. In a market transaction, CHW acquired a site bifurcated by Texas Street as well as a nonconforming office building. Innovatively assessing the zoning and density bonus, we were able to provide part of the site for 118 market-rate apartments and transfer the density bonus to the other site for 76 affordable senior apartments. We creatively “cracked” the entitlements within the City of San Diego to transfer the density bonus on the combined sites to a new senior site. North Park Seniors played a substantial part in improving the City’s Density Bonus law. The senior apartments are open to all, with an affirming and supportive environment for the LGBTQ senior community. The community also shelters formerly homeless seniors in eight permanent supportive housing apartments. The spirit of the project is reflected in the corner art installation, “You Are Home”, which embraces the pedestrian landscape and is a landmark of pride and dignity for all the residents. As a result of this project, CHW has creatively reviewed entitlements to achieve more affordable homes and continues to include permanent supportive homes in most new projects.

SUSTAINABILITY LEADER: OPERATING COST EFFICIENCIES, RESIDENT HEALTH

CHW is committed to sustainability as a benefit both for resident health, and mitigation of project operating costs and as a triple bottom line for climate protection. Nationally noted as an innovator and leader in sustainability, our landmark Solara development (2007) exemplifies CHW’s track record in this area.



Solara | Poway, CA

Undertaking: First near Zero Net Energy, Fully Powered by PV, Policy Leader

Exemplar: Solara

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, a pilot project of the California Energy Commission (CEC). In this development, CHW pioneered sustainable design and construction including the integration of renewable energy. At that time (completion in 2007), there was no template, we were the first affordable developer to attempt near net zero energy and the first apartment community in California to be fully powered by PV as certified by the California Energy Commission (CEC). The challenges included learning new technology, bringing both our design and construction teams up the learning curve, and succeeding in being a replicable template that was soon imitated. The successful implementation of this technology moved the California PUC to provide virtual net metering for photovoltaics, making such “work” for multifamily. As a result of this project, every new CHW project is built and operated sustainably.

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 conservation technologies, we have 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, we have photovoltaic panels providing electricity in almost 20 of our apartment communities. CHW’s sustainable design and construction practices seek to promote a healthy environment and 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 in our 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.

STRONG COMMUNITY PARTNER

Community HousingWorks prides ourselves on being a strong partner of cities, community groups, and a good neighbor. We have extensive experience in working with community groups to achieve win-win success. There are several recent examples of this: working with the Cortez Hill neighborhood in downtown San Diego for affordable apartments in an upscale neighborhood; purchasing land in a revitalizing area of Sacramento that borders a high-opportunity neighborhood that has previously been opposed to affordable housing and working to achieve their support for Salvator Apartments which opened in 2023; and the work over the last 13 years in National City.

Undertaking: Community and City Partner to Create Neighborhoods

Exemplar: Paradise Creek Apartments and Park

Paradise Creek was a 10-year saga from selection of the team by the city in a competitive RFP in November 2008, to completion of Phase II in late 2018. It is an infill, transit-oriented community intended as a bridge and catalyst for the renewal of the West Side neighborhood. The project is located less than two blocks from a major transit hub in National City, CA. National City has the lowest incomes in the County of San Diego and the West Side area of the Paradise Creek project has the lowest incomes in the city.

The story of Paradise involves the evolution and then degradation of a working-class neighborhood over years of contamination by military operations on the Bay, paint, and plating shops intermixed with aging single-family homes. It started with resident grassroots fight for empowerment and

economic/environmental justice and reflects the effects of community, government, and private sector/investment working collaboratively to overcome significant site conditions and financial challenges in order to solve multiple problems—health, housing need, empowerment of a low income largely immigrant community, neighborhood revitalization, creation of a cornerstone that sets the standard for new development. CHW with Related California built a two-phase 201-unit apartment community, and funded the recently completed new city park adjacent to the tidal creek, Paradise Creek. In that, the project completed environmental remediation of the site from years of city public works and bus operations where there were metal street sweepings as well as soil saturated by VOCs. With support from California DTSC, US EPA and other agencies, and with funding that included the first AHSC loan in the County of San Diego, the success for the 201 families who live at Paradise Creek continues with CHW's life-changing resident services.

Designing a project that fits the environment, either natural or urban landscape, results in one that “fits” with all stakeholders. Close and honest communication is critical to success. Finally, holding the vision and mission, that the real stakeholders are the residents who will call this their home.

Allen Matkins

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600 West Broadway, 27th Floor | San Diego, CA 92101-0903
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www.allenmatkins.com

Timothy M. Hutter
E-mail: thutter@allenmatkins.com
Direct Dial: 619.235.1510 File Number: 134084.00049/4899-9193-8155.1

Confidential

Via Submission by CHW

September 22, 2025

Community HousingWorks
3111 Camino del Rio N, Suite 800
San Diego, CA 92108

Re: Disclosure Regarding CHW Litigation Matters

To Whom It May Concern:

We understand that Community HousingWorks (“CHW”) is frequently asked to submit information regarding its litigation history in connection with development or funding applications. As counsel to CHW, we are providing this non-privileged summary of recent litigation for CHW’s use and dissemination in connection with such requests. Allen Matkins, CHW, and CHW’s affiliates expressly reserve and do not waive the attorney-client privilege or attorney work product protections by providing this document and the information contained herein.

Below is a chart including identifying information and a brief description of each of the matters that are known to be pending as of the date of this letter.

Date Filed	Matter Name and Case Number	Description	Status
9/24/24	<i>Sun Country Builders, Inc. v. Linda Vista Housing Associates, L.P., et al.</i> San Diego Superior Court Case No. 24CU012791C	Action for breach of contract, reasonable value, and lien foreclosure. General contractor Sun Country Builders filed suit against CHW affiliate Linda Vista Housing Associates, L.P (“LVHA”) alleging non-payment of amounts sought under the prime construction contract between LVHA and Sun Country. LVHA denies all claims and is asserting its own claims for liquidated damages due to delayed completion.	Pending

Confidential

Community HousingWorks
September 22, 2025
Page 2

Date Filed	Matter Name and Case Number	Description	Status
9/24/24	<i>Sun Country Builders, Inc. v. Delta Village Housing Associates, L.P., et al.</i> San Diego Superior Court Case No. 24CU012745C	Action for breach of contract, reasonable value, and lien foreclosure. General contractor Sun Country Builders filed suit against CHW affiliate Delta Village Housing Associates, L.P. ("DVHA") alleging non-payment of amounts sought under the prime construction contract between DVHA and Sun Country. DVHA denies all claims and is asserting its own claims for liquidated damages due to delayed completion.	Pending
9/24/24	<i>Sun Country Builders, Inc. v. Las Haciendas Housing Associates, L.P., et al.</i> San Diego Superior Court Case No. 24CU012745C	Action for breach of contract, reasonable value, and lien foreclosure. General contractor Sun Country Builders filed suit against CHW affiliate Las Haciendas Housing Associates, L.P. ("LHHA") alleging non-payment of amounts sought under the prime construction contract between LHHA and Sun Country. LHHA denies all claims and is asserting its own claims for liquidated damages due to delayed completion.	Pending

If anyone receiving this document has questions about any of the aforementioned matters, please do not hesitate to contact the undersigned for more information.

Sincerely,



Timothy M. Hutter

TMH

cc: Darren Critchlow
Steve Swiecicki



Organization Fiscal Health Statement

Community HousingWorks hereby certifies that, in relation to all disclosed legal matters, the organization remains fiscally sound. After thorough review we affirm that any pending litigation is not expected to have a material adverse impact on the financial condition or operational stability of the organization. Community HousingWorks maintains sufficient financial resources and risk management practices to ensure the continued fulfillment of its mission and obligations.

Community HousingWorks,
a California nonprofit public benefit corporation

By:

Kevin Lechner

Senior Vice President of Housing and Real Estate Development





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/25/2025

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 Risk Management Services, LLC 595 Market St Ste 2100 San Francisco CA 94105	CONTACT NAME: Karl Dobrota	
	PHONE (A/C, No, Ext): 415-546-9300 FAX (A/C, No): 415-536-8499	
	E-MAIL ADDRESS: Karl_Dobrota@ajg.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Old Republic Union Insurance Company	31143
	INSURER B: Texas Insurance Company	16543
	INSURER C: Berkshire Hathaway Homestate Insurance Company	20044
	INSURER D:	
	INSURER E:	
	INSURER F:	

License#: 0D69293
COMMHOU-04**INSURED**
Community HousingWorks
3111 Camino Del Rio N Ste 800
San Diego, CA 92108**COVERAGES****CERTIFICATE NUMBER:** 1010495852**REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER:			ORBGL24A2023200	6/1/2025	6/1/2026	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 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 - Per Occ \$ \$100,000
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			ORBGL24A2023200	6/1/2025	6/1/2026	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			JTI24XANN0337701	6/1/2025	6/1/2026	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A	COWC668067	7/1/2025	7/1/2026	<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

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

The Producer will endeavor to mail 30 days written notice, except 10 days for non-payment of premium, to the Certificate Holder named on the certificate if any policy listed on the certificate is canceled prior to the expiration date. Failure to do so shall impose no obligation or liability of any kind upon the Producer or otherwise after the policy terms.

Excess Liability Layers:

\$2,000,000 Lead xs Primary GL Old Republic | Texas Insurance Company | Policy #: JTI25XANN0337702
\$3,000,000 xs Lead \$2,000,000 | Arch Specialty Insurance Company | Policy #: UXP105915300
See Attached...

CERTIFICATE HOLDER**CANCELLATION**

Evidence of Coverage

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

AGENCY Arthur J. Gallagher Risk Management Services, LLC		NAMED INSURED Community HousingWorks 3111 Camino Del Rio N Ste 800 San Diego, CA 92108	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

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

\$5,000,000 xs \$5,000,000 Underlying | Admiral Insurance Company | Policy #: UX00000179801
 Evidence of Insurance

POST IN CONSPICUOUS PLACE OR KEEP ON PERSON

CITY OF SAN DIEGO * CERTIFICATE OF PAYMENT OF BUSINESS TAX

COMMUNITY HOUSING WORKS
SEAN SPEAR
3111 CAMINO DEL RIO NORTH #800
SAN DIEGO CA 92108-5728

Certificate Number: B2007005756

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

Primary Business Activity: BUSINESS TAX EXEMPT - NON PROFIT

Secondary Business Activity:

Effective Date: 03/01/2025
Expiration Date: 02/28/2026

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

BUSINESS FILE COPY

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

Certificate Number: B2007005756 PIN: JLJ72

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

Primary Business Activity: BUSINESS TAX EXEMPT - NON PROFIT

Secondary Business Activity:

Effective Date: 03/01/2025
Expiration Date: 02/28/2026

Mailing Address: COMMUNITY HOUSING WORKS
SEAN SPEAR
3111 CAMINO DEL RIO NORTH #800
SAN DIEGO CA 92108-5728



COMMUNITY HOUSING WORKS
SEAN SPEAR
3111 CAMINO DEL RIO N STE 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.

RECEIVED

FEB 13 2025

Business Addresses/Location

Per San Diego Municipal Code (SDMC) §31.0130, a Business Tax Certificate is required for each business location/address in the City of San Diego. Businesses will be required to self-certify that the business is allowed in the zone that applies to the property where the business activity will be conducted. Businesses may use the following on-line resource to perform self-certification:

Development Services Department's Zoning Webpage - <https://www.sandiego.gov/development-services/zoning>

Account Updates:

It is the responsibility of the Certificate holder to notify the City Treasurer in writing of any changes to the business. You can update your account information via mail at City Treasurer, PO BOX 122289, San Diego CA 92112, in person at 1200 Third Avenue, Suite 100 in Downtown San Diego or online at <https://www.sandiego.gov/btaxapplication>.

Renewal:

You can renew your certificate online using the Certificate Number and PIN located on the front side. Payments can be made at the following URL: <https://www.sandiego.gov/business taxpayment>.

Late Fees:

Businesses that fail to pay the tax within 15 days from the due date will be assessed a late fee of \$25.00 or 10% of the amount owed, whichever is greater. Beginning one calendar month from the due date of the Business Tax, a penalty of 1% per month will be added to any past due business taxes and late fees.

Business Improvement Districts (BID): BID's are authorized by State Law which allows an assessment to be placed on businesses in addition to the Business Tax assessment. If you are located within a BID you will be assessed a separate late fee of twenty-five dollars (\$25.00) or 10% whichever is greater. In addition, one percent (1%) per month beginning one calendar month following the payment due date will be added to any past due taxes and penalties.

Surcharges:

In addition to the penalties for delinquent payment, all businesses found to be operating without having a valid Business Tax Certificate will pay a surcharge of \$68.00 for businesses with 12 employees or fewer or \$250.00 for businesses with 13 employees or more. The City Treasurer bills retroactively for up to three (3) years with late fees applicable to each year (SDMC §31.0131).

Balances that remain unpaid will be referred to the City's Delinquent Accounts Program for collections. Unpaid balances are subject to a collection referral fee of 10% or \$25, whichever is greater, and interest. As required by law, you are hereby notified that a negative credit entry reflecting on your credit report may be submitted to a credit reporting agency if the amount is not paid by the due date.

Number of Employees

SDMC §31.0301 defines an employee as anyone that works ten (10) hours per week. While business owners are not considered employees; paid officers of a corporation are considered employees. Per SDMC §31.0140, new businesses may estimate the number of persons that will be employed; this is subject to subsequent verification by the City. For existing businesses, the employee count can be computed by one of the following methods:

- The average number of persons employed over a twelve month period (SDMC §31.0301(a))
- The number of persons appearing on payroll immediately prior to the certificate expiration date (SDMC §31.0140(e))



Question 35 – List of Contracts

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

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
3/17/2025	Navajo Apartments	City of San Diego	Current	\$3,100,000
3/18/2025	Serra Mesa	City of San Diego	Current	\$2,580,000
6/20/2025	Swift Apartments	City SDHC and VASH PBVs	Committed	\$4,000,000 20 HUD VASH PBVs

3/25/2025	Swift Apartments	City of San Diego	Committed	\$4,000,000
1/7/2025	40 th & Alpha	City of San Diego	Current	\$1,358,000