

**The NHP Foundation and its
Affiliated Entities**

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2019 and 2018

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The NHP Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The NHP Foundation and its Affiliated Entities (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain affiliated entities, which statements reflect total assets of \$302,457,666 and \$219,645,322 of the related consolidated total assets as of December 31, 2019 and 2018, respectively, and total public support and operating revenue of \$27,734,813 and \$25,688,048, respectively, of the related consolidated total for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of those affiliated entities, is based solely on the reports of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our report and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The NHP Foundation and its Affiliated Entities as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Bethesda, Maryland
July 24, 2020

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>Assets</u>	
	2019	2018
Assets:		
Cash and cash equivalents	\$ 28,966,616	\$ 37,293,851
Investments - restricted	-	148,886
Investments - unrestricted	-	77,608
Restricted cash	20,736,654	1,662,526
Notes receivable and accrued interest	1,581,433	2,191,548
Management fee receivable	132,875	-
Grants receivable	2,538	9,120
Investment in housing funds	289,755	2,376,774
Land, buildings, improvements and equipment, net	668,885,729	494,118,247
Funded reserves	65,716,709	53,199,632
Prepaid expenses and other assets	5,453,460	4,046,153
Working capital advances	1,094,215	643,776
Tenants' security deposits	1,752,724	1,514,694
Deferred development costs	7,840,291	4,949,521
Deferred other assets, net	2,612,200	1,541,886
Due from affiliates	14,277,561	9,746,372
	\$ 819,342,760	\$ 613,520,594
Total assets		
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable and accrued expenses	\$ 7,382,877	\$ 10,574,644
Other liabilities	14,640,327	6,223,232
Tenants' security deposits	1,806,440	1,615,399
Mortgage notes payable and accrued interest, net	550,598,966	386,094,549
Notes and construction loans payable and accrued interest, net	99,907,530	101,277,848
Asset management fees payable	152,957	10,624
Accounts payable - affiliates	13,958,230	13,957,681
	688,447,327	519,753,977
Total liabilities		
Net assets:		
Without donor restrictions - controlling	49,313,423	51,623,550
Without donor restrictions - noncontrolling	81,529,487	42,091,943
	130,842,910	93,715,493
Total net assets without donor restrictions		
Net assets with donor restrictions	52,523	51,124
Total net assets	130,895,433	93,766,617
Total liabilities and net assets	\$ 819,342,760	\$ 613,520,594

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Public support and operating revenue:			
Rent revenue	\$ 72,610,616	\$ -	\$ 72,610,616
Developer fee revenue	3,723,910	-	3,723,910
Contributions and grants	2,140,866	11,500	2,152,366
Management fees	452,137	-	452,137
Other income (losses) in housing funds	129,633	-	129,633
Interest revenue	1,178,568	-	1,178,568
Other revenue	4,945,283	-	4,945,283
Total public support and operating revenue	85,181,013	11,500	85,192,513
Net assets released from restrictions	10,101	(10,101)	-
Total public support and operating revenue	85,191,114	1,399	85,192,513
Expenses:			
Program services:			
Rental operations (includes \$16,451,096 in depreciation and amortization)	76,432,354	-	76,432,354
Acquisition and development	5,038,096	-	5,038,096
Asset management	1,935,356	-	1,935,356
External affairs	299,603	-	299,603
Operation Pathways	1,218,133	-	1,218,133
Supporting services:			
Management and general (includes \$139,695 in depreciation and amortization)	12,604,142	-	12,604,142
Fundraising services	777,421	-	777,421
Total expenses	98,305,105	-	98,305,105
Excess of revenue over expenses (expenses over revenue) before other revenue (expense)	(13,113,991)	1,399	(13,112,592)
Other revenue (expense):			
Gain (loss) on sale of properties	10,313	-	10,313
Total other revenue (expense)	10,313	-	10,313
Excess of revenue over expenses (expenses over revenue)	(13,103,678)	1,399	(13,102,279)
Excess of expenses over revenue attributable to noncontrolling interests	12,901,183	-	12,901,183
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (202,495)	\$ 1,399	\$ (201,096)

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
CONSOLIDATED STATEMENTS OF ACTIVITIES – CONTINUED

Year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Public support and operating revenue:			
Rent revenue	\$ 64,445,631	\$ -	\$ 64,445,631
Developer fee revenue	6,347,638	-	6,347,638
Contributions and grants	1,015,302	19,120	1,034,422
Management fees	560,603	-	560,603
Other income (losses) in housing funds	388,834	-	388,834
Interest revenue	912,088	-	912,088
Other revenue	2,345,573	-	2,345,573
Total public support and operating revenue	76,015,669	19,120	76,034,789
Net assets released from restrictions	26,692	(26,692)	-
Total public support and operating revenue	76,042,361	(7,572)	76,034,789
Expenses:			
Program services:			
Rental operations (includes \$12,898,911 in depreciation and amortization)	69,984,915	-	69,984,915
Acquisition and development	4,370,628	-	4,370,628
Asset management	977,713	-	977,713
Operation Pathways	1,198,043	-	1,198,043
Supporting services:			
Management and general (includes \$136,665 in depreciation and amortization)	12,063,724	-	12,063,724
Fundraising services	562,063	-	562,063
Total expenses	89,157,086	-	89,157,086
Excess of (expenses over revenue) revenue over expenses before other revenue (expense)	(13,114,725)	(7,572)	(13,122,297)
Other revenue (expense):			
Gain (loss) on sale of properties	486,205	-	486,205
Total other revenue (expense)	486,205	-	486,205
Excess of (expenses over revenue) revenue over expenses	(12,628,520)	(7,572)	(12,636,092)
Excess of expenses over revenue attributable to noncontrolling interests	9,558,861	-	9,558,861
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (3,069,659)	\$ (7,572)	\$ (3,077,231)

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended December 31, 2019

	Without donor restrictions			With donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2018	\$ 55,535,912	\$ 22,424,428	\$ 77,960,340	\$ 58,696	\$ 78,019,036
Transfers in	346,630	-	346,630	-	346,630
Transfer of net assets	(1,189,333)	1,189,333	-	-	-
Capital contributions from noncontrolling interests, net of syndication costs	-	28,037,043	28,037,043	-	28,037,043
Excess of expenses over revenue attributable to noncontrolling interests	-	(9,558,861)	(9,558,861)	-	(9,558,861)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	<u>(3,069,659)</u>	<u>-</u>	<u>(3,069,659)</u>	<u>(7,572)</u>	<u>(3,077,231)</u>
Ending balance, December 31, 2018	51,623,550	42,091,943	93,715,493	51,124	93,766,617
Transfers in	(2,107,632)	-	(2,107,632)	-	(2,107,632)
Capital contributions from noncontrolling interests, net of syndication costs	-	52,338,727	52,338,727	-	52,338,727
Excess of expenses over revenue attributable to noncontrolling interests	-	(12,901,183)	(12,901,183)	-	(12,901,183)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	<u>(202,495)</u>	<u>-</u>	<u>(202,495)</u>	<u>1,399</u>	<u>(201,096)</u>
Ending balance, December 31, 2019	<u>\$ 49,313,423</u>	<u>\$ 81,529,487</u>	<u>\$ 130,842,910</u>	<u>\$ 52,523</u>	<u>\$ 130,895,433</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

Nature of expenses:	Program services					Supporting services		Total
	Rental operations	Acquisition and Development	Asset Management	External Affairs	Operation Pathways	Management and general	Fundraising	
Salaries and benefits	\$ 10,601,563	\$ 4,317,256	\$ 859,123	\$ -	\$ 761,955	\$ 3,076,493	\$ 268,040	\$ 19,884,430
Facilities and maintenance	20,160,300	-	-	-	-	-	-	20,160,300
Interest	20,960,878	-	-	-	-	-	-	20,960,878
Utilities	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	102,400	-	102,400
Real estate taxes	6,573,666	-	-	-	-	-	-	6,573,666
Property management fees	-	-	-	-	-	3,596,096	-	3,596,096
Accounting and legal fees	-	-	-	84,689	-	250,214	-	334,903
Management and administration	890,720	23,794	8,998	28,534	453,787	2,109,101	179,680	3,694,614
Consulting	-	224,448	-	25,011	-	508,192	22,832	780,483
Marketing	-	100	75	81,636	-	256,678	44,779	383,268
Travel	-	181,448	92,986	79,707	2,391	491,705	15,336	863,573
Other	794,131	(2,768)	918,935	26	-	10,708	-	1,721,032
Bad debt expense	-	223,758	-	-	-	1,565,307	-	1,789,065
Contributions expense	-	70,060	55,239	-	-	497,553	246,754	869,606
Depreciation and amortization	16,451,096	-	-	-	-	139,695	-	16,590,791
	<u>\$ 76,432,354</u>	<u>\$ 5,038,096</u>	<u>\$ 1,935,356</u>	<u>\$ 299,603</u>	<u>\$ 1,218,133</u>	<u>\$ 12,604,142</u>	<u>\$ 777,421</u>	<u>\$ 98,305,105</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES – CONTINUED

Year ended December 31, 2018

Nature of expenses:	Program services				Supporting services		Total
	Rental operations	Acquisition and Development	Asset Management	Operation Pathways	Management and general	Fundraising	
Salaries and benefits	\$ 9,138,111	\$ 3,998,276	\$ 830,583	\$ 800,188	\$ 2,402,109	\$ 109,282	\$ 17,278,549
Facilities and maintenance	9,465,576	-	-	-	-	-	9,465,576
Interest	18,395,716	-	-	-	185,690	-	18,581,406
Utilities	6,460,528	-	-	-	-	-	6,460,528
Insurance	2,768,496	-	-	-	63,998	-	2,832,494
Real estate taxes	2,838,619	-	-	-	-	-	2,838,619
Property management fees	-	-	-	-	2,694,108	-	2,694,108
Accounting and legal fees	-	-	-	-	1,508,433	122,194	1,630,627
Management and administration	6,020,639	93,562	36,243	396,766	2,115,719	74,065	8,736,994
Consulting	110,024	155,043	-	-	666,665	111,574	1,043,306
Marketing	-	-	-	-	403,111	86,916	490,027
Travel	34,656	123,747	110,887	1,089	518,851	58,032	847,262
Director's fees	-	-	-	-	45,000	-	45,000
Other	1,853,639	-	-	-	-	-	1,853,639
Bad debt expense	-	-	-	-	1,160,606	-	1,160,606
Contributions expense	-	-	-	-	162,769	-	162,769
Depreciation and amortization	12,898,911	-	-	-	136,665	-	13,035,576
	<u>\$ 69,984,915</u>	<u>\$ 4,370,628</u>	<u>\$ 977,713</u>	<u>\$ 1,198,043</u>	<u>\$ 12,063,724</u>	<u>\$ 562,063</u>	<u>\$ 89,157,086</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
(Deficit) of revenue over expenses	\$ (13,102,279)	\$ (12,636,092)
Adjustments to reconcile (deficit) of revenue over expenses to cash provided by operating activities:		
Depreciation and amortization	16,590,791	13,035,576
Bad debt expense	1,789,065	1,160,606
Amortization of debt issuance costs	1,737,683	1,359,779
Unrealized loss (gain) on swap	359,016	(366,243)
Gain on sale of properties	(10,313)	(486,205)
Other loss (gain) in housing funds	(129,633)	(388,834)
Increase (decrease) in operating assets:		
Accrued interest on notes receivable	(95,589)	(60,037)
Prepaid expenses and other assets	(3,329,247)	2,027,127
Due from affiliates	(4,531,189)	(2,304,795)
Grant receivable	6,582	(4,094)
(Increase) decrease in operating liabilities:		
Accounts payable and accrued expenses	(8,515,508)	7,018,212
Other liabilities	8,058,079	1,857,698
Tenants' security deposits	191,041	194,227
Accrued interest on mortgage, notes and construction loan payable	1,010,393	228,520
Net cash provided by operating activities	<u>28,892</u>	<u>10,635,445</u>
Cash flows from investing activities:		
Repayment (issuance) of notes receivable	705,704	(1,250,678)
Purchase of land, buildings, improvements and equipment	(185,821,196)	(104,511,948)
Purchase of other assets	(1,283,961)	(343,175)
Net advances of working capital	(450,439)	(627,395)
Net deferred development costs (additions) reimbursements	(2,890,770)	34,338
Proceeds from sale of rental property	-	23,000,000
Net proceeds from (purchase of) investment in housing funds	381,732	(411,636)
Net sales of investments	226,494	615,055
Net cash used in investing activities	<u>(189,132,436)</u>	<u>(83,495,439)</u>
Cash flows from financing activities:		
Capital contributions received from noncontrolling interests	52,066,015	26,951,609
Net payment of advances from affiliates	153,506	3,197,004
Proceeds from mortgages, notes and construction loans payable	226,894,325	121,914,263
Principal payments on mortgages, notes and construction loans payable	(58,427,047)	(63,540,961)
Payments for debt issuance costs	(8,081,255)	(3,634,039)
Net cash provided by financing activities	<u>212,605,544</u>	<u>84,887,876</u>
Net increase in cash, restricted cash, and cash equivalents	23,502,000	12,027,882
Cash, restricted cash, and cash equivalents, beginning	<u>93,670,703</u>	<u>81,642,821</u>
Cash, restricted cash, and cash equivalents, ending	<u>\$ 117,172,703</u>	<u>\$ 93,670,703</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

Years ended December 31, 2019 and 2018

	2019	2018
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of amount capitalized	<u>\$ 19,532,683</u>	<u>\$ 18,352,886</u>
Cash paid for income taxes	<u>\$ 16,953</u>	<u>\$ 3,000</u>
SIGNIFICANT NONCASH INVESTING AND FINANCING ACTIVITIES:		
(Deficit) equity transfer in	<u>\$ (2,107,632)</u>	<u>\$ 346,630</u>
Accounts payable and accrued expenses, relating to construction costs included in land buildings, improvements and equipment	<u>\$ 5,313,117</u>	<u>\$ 9,277,458</u>
Noncash capital contribution - reclassification of developer fee payable	<u>\$ 272,712</u>	<u>\$ 1,085,434</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 28,966,616	\$ 37,293,851
Restricted cash	20,736,654	1,662,526
Funded reserves	65,716,709	53,199,632
Tenant security deposits	<u>1,752,724</u>	<u>1,514,694</u>
	<u>\$ 117,172,703</u>	<u>\$ 93,670,703</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 1 – MISSION AND ORGANIZATION

The NHP Foundation and its affiliated entities (the “Organization”) is in the business of creating and preserving service enriched multifamily affordable housing. The Organization accomplishes its mission primarily by acquiring and rehabilitating existing multifamily properties and, to a lesser extent, constructing new properties. The Organization uses Low Income Housing Tax Credits (“LIHTC”) to provide a portion of the funding for the rehabilitation of properties it owns. The Organization and its affiliates includes the following entities.

The NHP Foundation (“NHPF”) was incorporated in the District of Columbia on January 30, 1989 as a nonprofit charitable organization. The purpose of NHPF is to provide quality affordable multifamily housing and resident services for very low-, low- and moderate-income families. NHPF and its Affiliated Entities provide housing at 57 properties, impacting over 9,000 apartments, serving residents and community members in 15 states and the District of Columbia.

Operation Pathways, Inc. (“Pathways”) was incorporated in the District of Columbia on January 9, 2015 as a nonstock, nonprofit charitable organization. Prior to becoming a separate 501(c)(3), Operation Pathways operated as a division of NHPF (or “Sponsor”), with whom it is still affiliated. The purpose of Pathways is to provide resident services to properties owned by NHPF through a wide variety of educational, health, and enrichment programming. Pathways currently provides services to 25 properties in 11 states plus the District of Columbia impacting over 5,000 units of affordable housing.

In its normal course of business, NHPF uses a variety of legal structures for acquiring a property, most of which involves either setting up a number of legal entities that own a property, serve as the sole member of an entity that owns a property or serves as the general partner in a partnership that owns a property. NHPF refers to all these legal entities as its affiliated entities.

The following tables represent those entities which are included in the consolidated financial statements. The entities are organized into groups for consolidation in the consolidated financial statements based on the designation in the “Group” columns of each table. For more detailed information about each entity within or the groups see the Supplemental Information at the end of this audit.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

For profit LLC's and corporations with a controlling general partner interest, typically less than 1%

General Partner	Group	Limited Partnership	Group
Pepper Tree Manor 250 GP, LLC ("Pepper Tree GP")	Other	250 LP Pepper Tree Manor LP ("Pepper Tree")	LIHTC
VOV NHPF I, LLC ("VOV NHPF I")	Other	Alabama Ave. Affordable Housing, L.P. ("Roundtree")	LIHTC
Bayview GP, Inc. ("Bayview GP")	Other	Bayview Preservation Partners, LP ("Bayview Preservation")	LIHTC
Benning Heights GP, LLC ("Benning Heights GP")	Other	Benning Heights Investor LLC ("Benning Heights Investor")	LIHTC
Berry Manor NHPF, LLC	Other	Berry Manor Owner, LP	Real Estate
NDFD II, LLC ("NDFD II")	Other	Bolton North, LP ("Bolton North")	LIHTC
Cleme 284 LLC ("Cleme 284 GP")	Other	Cleme Manor Holdings, LLC ("Cleme Manor")	LIHTC
Foxwood GP, Inc. ("Foxwood GP")	Other	Foxwood Preservation Partners, LP ("Foxwood Preservation")	LIHTC
Harvest Homes GP, LLC (1) ("Harvest Homes GP")	Other	Harvest Homes Apartments LP ("Harvest Homes")	LIHTC
Hollybush GP, Inc. ("Hollybush GP")	Other	Hollybush Preservation Partners, LP ("Hollybush Preservation")	LIHTC
Mark Twain NHPF Manager, LLC ("Mark Twain NHPF Manager")	Other	Mark Twain NHPF, LLC ("Mark Twain NHPF")	LIHTC
New Covent Managing Member, LLC ("New Covent Managing Member")	Other	New Covent, LLC	Real Estate
Orange GP, Inc. ("Orange GP")	Other	Orange Preservations Partners, LP ("Orange Preservation")	LIHTC
Plaza Borinquen 88 GP Corporation (2) ("Plaza B GP")	Other	Plaza Borinquen 88 Owner II LP ("Plaza B II")	LIHTC
Preservation Housing Partners, LLC ("Preservation Partners")	Other	Preservation Housing II, L.L.C. ("Forest Park")	LIHTC
Walnut 209, LLC ("Walnut 209")	Other	Preservation Housing IV, L.L.C. ("Walnut Square")	LIHTC
Princess Anne GP, LLC ("Princess Anne GP")	Other	Princess Anne Owner, LP ("Princess Anne Owner")	Real Estate
Ship's Cove GP LLC ("Ships Cove GP")	Other	Ship's Cove Preservation Partners Limited Partnership ("Ships Cove Preservation")	LIHTC
St. Luke's GP, Inc. ("St. Luke's GP")	Other	St. Luke's Preservation Partners, LP (3) ("St. Luke's Preservation")	LIHTC
St. Luke's GP, Inc. ("St. Luke's GP")	Other	St. Luke's Master Tenant, LLC (3) ("St. Luke's Preservation")	LIHTC
Takoma Place GP LLC ("Takoma GP")	Other	Takoma Place SM LLC ("Takoma Place")	Real Estate
Wade Road GP, LLC ("Wade Road GP")	Other	Wade Road Investor, LLC ("Wade Road Parkchester")	LIHTC
Woodmont Crossing Manager, LLC ("Woodmont Manager")	Other	Woodmont Crossing Investor, LLC ("Woodmont Crossing")	LIHTC

(1) NHPF is a 40% member of Harvest Homes GP, LLC

(2) Plaza Borinquen 88 Housing Development Fund Corporation, Inc is the non-profit title owner of Plaza Borinquen

(3) St. Luke's Master Tenant leases the building from St. Luke's Preservation Partners and is consolidated with St. Luke's Preservation Partners

Entities with a controlling interest ranging from 47.5% to 100%

Managing/sole Member	Group	Legal Entity	Group
NHPF		A.C.T. Affordable Housing ("ACT LaSalle")	Real Estate
NHPF		Alexander House Owner, LLC ("Alexander House")	Real Estate
Anacostia Gardens GP, LLC ("Anacostia GP")	Other	Anacostia Gardens Investor, LLC ("Anacostia Gardens")	Real Estate
NHPF		Asmara Affordable Housing, Inc ("Asmara Affordable")	Real Estate
Interstate I Affordable Housing	Other	C/HP Cove, Inc. ("Clipper Cove")	Real Estate
Berry Manor Investor, LLC	Other	Berry Manor Owner, LP	Real Estate
Jamestown Affordable Housing, Inc. ("Jamestown Affordable")	Other	Cleme 284 LLC	Other
NHPF - Columbia Heights Manager LLC ("NHPF Columbia Manager")	Other	Columbia Apartments LP ("Columbia Apartments")	Other
NHPF - Columbia Heights Investor, LLC (1) ("NHPF Columbia Investor")	Other	Columbia Apartments LP ("Columbia Apartments")	Other
Columbia Apartments LP	Other	Columbia Heights Village Apartments LP (1) ("Columbia Heights Village")	Real Estate
NHPF		FCHC Virginia Community Development Corporation ("Falls Church")	Real Estate
Nannie Helen NHPF, LLC ("Nannie Helen NHPF")	Other	Nannie Helen Manager, LLC ("Nannie Helen Manager")	Other
Nannie Helen Manager, LLC ("Nannie Helen Manager")	Other	Nannie Helen Owner, LLC ("Nannie Helen Owner Strand")	Real Estate
NHPF (3)		New Covent, LLC ("New Covent")	Real Estate
NHPF		New Mark Twain, LLC ("New Mark Twain")	Real Estate
NHPF/WFH, LLC ("NHPF/WH")	Other	Workforce Housing I, LLC ("Workforce Housing I")	Other
Princess Anne Investor, LLC (2) ("Princess Anne Investor")	Other	Princess Anne Owner, LP ("Princess Anne Owner")	Real Estate
Workforce Housing I, LLC ("Workforce Housing I")	Other	The Pines Owner, LLC ("Pines at Carolina")	Real Estate
1255 North Post Oak Manager LLC ("1255 NPO Owner's GP")	Other	1255 NPO Owner, LLC	Real Estate
1300 NPO Owner, LLC ("1300 NPO Owner's GP")	Other	1300 NPO Owner, LLC	Real Estate
Center City Managing Member, LLC ("Center City's GP")	Other	Center City Apt Urban Renewal, LLC	Real Estate
Irvine Turner Managing Member, LLC ("Irvine Turner's GP")	Other	Irvine Turner Apts Urban Renewal, LLC	Real Estate
Ridgecrest Court Manager, LLC ("Ridgecrest's GP")	Other	Ridgecrest Court Investor, LLC	Real Estate

(1) NHPF-Columbia Heights Investor, LLC, whose sole member is NHPF, is the .01% limited partner

(2) Princess Anne Investor, LLC, whose sole member is NHPF, is the 99.99% limited partner

(3) NHPF is the 99.91% limited partner in New Covent, LLC

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Legal entities holding seller notes

In some cases an affiliated entity initially purchases a property, which is held until the property is refinanced into an LIHTC structure. In order to facilitate the refinancing, that original purchasing entity will take back a seller note.

Legal Entity	Group	Partnership	Group
Cornerstone/Bayview, Inc. ("Cornerstone/Bayview")	Other	Bayview Preservation Partners, LP	LIHTC
Benning Heights Affordable, LLC ("Benning Affordable")	Other	Benning Heights Investor LLC	LIHTC
Cherry Affordable Housing, Inc. ("Cherry Affordable")	Other	Cherry Estates Limited Partnership	Not consolidated
Foxwood Affordable Housing, Inc. ("Foxwood Affordable")	Other	Foxwood Preservation Partners, LP	LIHTC
Hollybush Affordable Housing, Inc. ("Hollybush Affordable")	Other	Hollybush Preservation Partners, LP	LIHTC
Orange Affordable Housing, Inc. ("Orange Affordable")	Other	Orange Preservation Partners, LP	LIHTC
Plaza Borinquen 88 Owner LP ("Plaza B I")	Other	Plaza Borinquen 88 Owner II LP	LIHTC
Forest Park Affordable Housing, Inc. ("Forest Affordable")	Other	Preservation Housing II, L.L.C.	LIHTC
Walnut Affordable Housing, Inc. ("Walnut Affordable")	Other	Preservation Housing IV, L.L.C.	LIHTC
Milliken Affordable Housing, Inc. ("Milliken Affordable")	Other	Ship's Cove Preservation Partners Limited Partnership	LIHTC
Cornerstone/St. Luke's, Inc. ("Cornerstone St. Luke's")	Other	St. Luke's Preservation Partners, LP	LIHTC

Investment in operating entities

Legal Entity	Group	Ownership %	Accounting Method
Cherry Estates Limited Partnership			
(Cherry Affordable special limited partner interest)	Not consolidated	0.01%	Equity Method
CHA LLC (CHA MM, LLC general partner interest)	Not consolidated	0.01%	Equity Method
Eagles Landing Apartments, LP			
(NHPF Eagles Landing GP, LLC general partner interest)	Not consolidated	0.00%	Equity Method
RAHF IV Shore Hill, LLC (NHPF-Shore Hill Manager, LLC) (1)	Not consolidated	0.01%	Cost
RAHF IV Shore Hill, LLC (NHPF-Shore Hill Investor, LLC) (2)	Not consolidated	3.00%	Cost
NHPF Harbor Hill GP, LLC (RAHF IV Harbor Hill, L.P.)	Not consolidated	3.00%	Cost
NHPF Sunset Gardens GP, LLC (RAHF IV Sunset Gardens, L.P.)	Not consolidated	3.00%	Cost

(1) NHPF-Shore Hill Manager, LLC is a 50% member in the sole member of the .01% Managing Member of the beneficial owner (RAHF IV Shore Hill, LLC) of Shore Hill
(2) NHPF-Shore Hill Investor, LLC is a 2.995% member in the beneficial owner (RAHF IV Shore Hill, LLC) of Shore Hill.

Joint Ventures

Legal Entity	Group	Joint Venture %	Accounting Method
CHA Development, LLC	Not consolidated	50% partner	Equity Method
CHA JV, LLC	Not consolidated	50% partner	Equity Method
NDFD, LLC ("NDFD") (1)	Other	50% partner	Consolidated
Nonprofit Housing Preservation RA, Inc.	Not consolidated	40% partner	Cost Method
Nonprofit Housing Preservation SB, Inc.	Not consolidated	40% partner	Cost Method
Nonprofit Housing Preservation PI, Inc.	Not consolidated	40% partner	Cost Method
Center City Managing Member, LLC	Consolidated	60% partner	Consolidated
Irvine Turner Managing Member, LLC	Consolidated	60% partner	Consolidated

(1) NDFD is the joint venture member in the joint venture NHPF/UA, LLC listed below under Housing Funds.

Housing Funds

Legal Entity	Group	Ownership %	Accounting Method
NHPF/UA, LLC	Not consolidated	Equity Method	Equity Method
NHPF/UA II, LLC	Not consolidated	Equity Method	Equity Method
Housing Partnership Equity Trust, LLC	Not consolidated	0.010%	Cost
Workforce Affordable Housing Fund I LLC	Consolidated	4% Member	Consolidated

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

In accordance with accounting guidance for consolidations, NHPF has determined the presumption of control for the entities in which NHPF and/or its affiliated entities are the general partner has not been overcome; therefore NHPF has significant control over the major decisions of those entities. As a result, NHPF and/or its affiliated entities are required to consolidate the financial statements of those entities. All significant intercompany accounts and transactions have been eliminated in the consolidation process.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Distributable cash flows from certain affiliated entities to NHPF and Interstate are restricted by covenants in the underlying mortgages or grants received by the affiliated entities. Contributions paid by the affiliated entities and received by NHPF and Interstate are eliminated in consolidation.

NHPF and its nonprofit affiliated entities conform to the accounting guidance for “Financial Statements of Not-for-Profit Organizations.” These financial statements have been prepared on the accrual basis of accounting and are intended to present net assets, revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Net assets without donor restrictions -
 - Net assets without donor restrictions - controlling - represent expendable resources that are used to carry out the operations of the Organization and are not subject to donor-imposed stipulations.
 - Net assets without donor restrictions - non-controlling - represent the aggregate balance as of December 31, 2019 and 2018 of limited partner/member equity interest in the non-wholly-owned affordable housing entities that are included in the consolidated financial statements. The majority of non-controlling net assets without donor restrictions consists of the limited partner interests in tax credit holdings.
- Net assets with donor restrictions - resources which contain donor-imposed restrictions that are satisfied either by the passage of time or by actions of the Organization. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless uses of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

For purposes of the statement of consolidated cash flows, the Organization considers all investments with original maturities of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of cash required to be segregated as specified in certain grant and loan documents.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of prepaid costs, tenant account receivables and subsidy receivables.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Tenant Accounts Receivable

Tenant accounts receivables are reported net of an allowance for doubtful accounts or are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Management's estimate of the allowance is based on historical collection experience and a review of the status of tenant accounts receivables. It is reasonably possible that management's estimate of the allowance will change.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Deferred Costs

Deferred costs consist of tax credit fees and other intangible assets. The deferred costs are amortized over the estimated useful life using the straight-line method. Amortization expense as of December 31, 2019 and 2018 was \$213,647 and \$200,140, respectively. Estimated annual amortization expense for each of the ensuing years through December 31, 2024 and thereafter is as follows:

2020	\$	175,411
2021		175,411
2022		175,411
2023		170,246
2024		164,610
Thereafter		1,751,111
	\$	<u>2,612,200</u>

Deferred Development Costs

Costs incurred in the identification of potential developments are deferred. Deferred development costs are reimbursed upon the receipt of project financing for the related entity. Costs incurred on unlikely or abandoned developments are expensed when these determinations are made.

Developer Fees Receivable

NHPF has entered into various development agreements with the affiliated tax credit and real estate entities of which, NHPF and their related general partner/member entities serve as the general partner or managing member in these entities. The agreements provide for the fee to be paid from capital contributions and future cash flows of the respective entities. Developer fees receivable presented on the combining and consolidating statement of financial position represent developer fees due from related entities for development services. Developer fees receivable, developer fee income and deferred developer fee earned from affiliates and subsidiaries shall be paid by the related entities upon receipt of the limited partner equity contribution. Any remaining developer fee receivable, and accrued interest there in, if applicable, is payable from operational cash flow of the respective projects

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

and is eliminated in consolidation. Developer fees receivable are reported at their net realizable value. Management's estimate of any allowance is based on collectability determined by future operating cash flows of the related entities. It is reasonably possible that management's estimate of allowances will change. The balance of developer fees receivable, net of allowance for uncollectible, after eliminating adjustments, as of December 31, 2019 and 2018 is \$10,029,648 and \$9,676,334, respectively, and is included in due from affiliates in the consolidated statements of financial position.

Land, Buildings, Improvements and Equipment

Land, buildings, improvements and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of straight-line and accelerated methods. Buildings, improvements, and equipment are depreciated over lives ranging from 5 to 40 years. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

Impairment of Long-Lived Assets

The Organization reviews its buildings, improvements, and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the Organization are less than its carrying amount, management compares the carrying amount of the asset to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized for either of the years ended December 31, 2019 and 2018.

Investment in Housing Funds

NHPF has investments in various housing funds that are accounted for under the cost or equity method depending on the extent to which NHPF has an interest in and exercises influence over the funds.

Investment in housing funds over which NHPF exercises significant influence, but not control, are accounted for under the equity method. NHPF records its initial investments at cost, recognizes its share of income or loss, increases its investment for capital contributions, and reduces its investment balance by any distributions received.

Cash distributions that NHPF receives in excess of the carrying amount of its investment are recorded as other revenue (if certain criteria are met), and the equity method of accounting is suspended. NHPF would record future equity method earnings only after its share of cumulative earnings during the suspended period exceeds the income recognized for the excess cash distributions.

NHPF's investments in housing funds are periodically reviewed for impairment. NHPF records an impairment charge when events or circumstances change indicating that a decline in fair value below carrying value has occurred and such decline is other than temporary.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

The following is a summary of NHPF's investment in housing funds accounted for under the equity method:

Investments in NHPF/UA, LLC and NHPF/UA II, LLC

In accordance with the accounting guidance for the consolidation of variable interest entities, NHPF determines when it should include the assets, liabilities, and activities of variable interest entities ("VIE") in its consolidated financial statements, and when it should disclose information about its relationship with a VIE. The analysis that must be performed to determine which entity should consolidate a VIE focuses on control and economic factors. A VIE is a legal structure used to conduct activities or hold assets, which must be consolidated by an Organization if it is the primary beneficiary because it has: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and (2) the obligation to absorb losses or received benefits that could potentially be significant to the VIE. If multiple unrelated parties share such power, as defined, no party will be required to consolidate the VIE. Further, the guidance requires continual reconsideration of the primary beneficiary of a VIE.

Based on this guidance the following entities meet the definition of a VIE:

- NHPF/UA, in which NDFD invests
- NHPF/UA II, in which NDFD invests

However, management does not consolidate the above interests, as they are not considered to be the primary beneficiary since multiple unrelated parties share the power to direct the activities that are considered most significant to the economic performance of these entities. NDFD currently records the amount of the investments in NHPF/UA and NHPF/UA II as an asset on the statements of financial position, recognizes its share of income or losses in the statements of activities, and discloses how it accounts for this investment in its consolidated financial statements. NDFD's balance in investment in NHPF/UA and NHPF/UA II represent the maximum exposure to loss. NDFD's exposure is assessed by the condition and financial performance of the underlying projects as well as the strength of the general partners and their guarantees.

Investment in Housing Partnership Equity Trust, LLC

NHPF is a member of Housing Partnership Network ("HPN"). HPN is a collaborative membership organization composed of significant housing and community development not-for-profit organizations that support its members through policy initiatives, capital initiatives and other programs to promote the long-term development, preservation and operation of affordable and workforce housing throughout the United States. Twelve HPN members, including NHPF, are investing members in Housing Partnership Equity Trust, LLC ("HPET") and collectively hold a 13.48% investment in HPET. NHPF accounts for its 1.123% investment in HPET under the cost method. As such, the initial investment was recorded at cost and cash distributions are reported as income.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NHPF's maximum exposure to loss is estimated to be the entire balance of its investment in HPET, which includes its estimated future funding commitments. NHPF has no obligation to fund liabilities of HPET beyond its investment, including loans and advances. NHPF may be subject to additional losses to the extent it provides any voluntary subordinated financial support to HPET in the future.

NHPF regularly assesses its investment in HPET for impairment if NHPF believes that it may not recover the carrying amount of the investment or if the investee is unable to sustain an earnings capacity that would justify the carrying amount of the investment. Impairment is based on the amount that NHPF expects to recover from the investment should it be sold or should the investee liquidate, taking into account NHPF's claim on the investee's book value. A recodation of an impairment loss has no effect on the actual fair market value of the underlying property or performance of the overall investment. If the investment in HPET is considered to be permanently impaired, NHPF would reduce its investment balance in HPET and include such reduction in other income (losses) in housing projects on the consolidated statement of activities.

Deferred Rent and Rent Holidays

NHPF recognizes escalating rent provisions on a straight-line basis over the lease term. Certain of NHPF's operating leases contain rent holidays. For these leases, NHPF recognizes the related rent expense on a straight-line basis at the earlier of the first rent payment or the date of possession of the leased property. The difference between the amounts charged to expense and the rent paid is recorded as deferred lease incentives and amortized over the lease term.

Derivatives

Two of NHPF's affiliated entities, Foxwood Preservation and St. Luke's Preservation, use derivatives to manage risk and the economic impact related to interest rate movements. While the derivatives are mitigating the potential interest rate risk, as a nonprofit entity, the Organization is not permitted to use hedge accounting for its interest rate swap contracts (swaps). The swap contracts were reported at fair value and were included in other liabilities on the consolidated statement of financial position. The gains or losses resulting from the change in fair value of the swaps are shown as decreases or increases, respectively, to interest expense on the related mortgage notes.

Rent Revenue

Rent revenue is recorded as rents become due. Rent payments received in advance are deferred until earned. All leases between the rental housing communities and its tenants are operating leases.

Contributions and Grants

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, including if the restriction expires in the fiscal year in which the contributions are recognized.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Revenue from certain grants is recognized by the NHPF and Pathways in full, upon written notification of the award. Grants are recognized as support without donor restrictions only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions. Grants received in excess of expenses incurred are shown as assets with donor restrictions in the accompanying consolidated statement of activities.

Unconditional promises to give that are expected to be received within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

In-kind Contributions/Expense

Donated property and equipment are recorded at fair market value at the date of the donation. NHPF and Pathways utilizes the services of outside volunteers. However, the fair value of these services is not recognized in the accompanying consolidated financial statements, since they do not meet the criteria of being a specialized service that would typically need to be purchased and do not enhance or create an asset.

Developer Fee Revenue

Development fees earned are paid from the project's equity and debt proceeds at the completion of the construction of the project. These fees are recognized over the development period, beginning when the project is assured of being constructed, as evidenced by the admission of an equity partner, as units are delivered or based on the external construction costs incurred as a percentage of the total external construction costs expected, and concluding with the application for final allocation of tax credits. Any portion of the development fee not expected to be paid using contributions from the equity partner, such as out of cash flow from operations represents variable consideration, and will be eliminated in the consolidation. The project estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in ASC Topic 606, Revenue from Contracts with Customers, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside the project's influence, including insufficient equity and debt proceeds at the completion of the construction of the project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- The Organization's experience with similar types of agreements.
- Whether the Organization expects to offer changes to payment terms.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

- The range of possible consideration amounts.

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on the project's estimate of the variable consideration using available information at the reporting date. Any difference between the gross amount of the project's developer fee payable and the estimate of variable consideration to which the developer expects to be entitled is eliminated in consolidation.

Construction in Progress

Costs associated with the acquisition, development and construction of housing projects are carried at cost. Construction in progress is capitalized and is included in land, buildings, improvements and equipment on the consolidated statements of financial position.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and detailed in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program services are allocated between four categories: rental operations, acquisition and development, asset management and resident services. Costs allocated to rental operations relate to personnel and other costs involved in operating the properties. Costs allocated to acquisition and development relate to personnel and other costs associated with locating and acquiring properties as well as construction supervision when rehabilitating the properties. Costs allocated to asset management relate to personnel and other costs associated with asset management supervision and administration of the properties. Costs allocated to resident services relate to personnel and other related expenses for the resident services programs offered at several of the Organization's rental housing communities.

Income Taxes

NHPF and its nonprofit affiliated entities have applied for and received determination letters from the Internal Revenue Service ("IRS") to be treated as tax-exempt entities pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2019 and 2018. Due to their tax-exempt status, NHPF and its nonprofit affiliated entities are not subject to income taxes. NHPF and its nonprofit affiliated entities are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and NHPF and its nonprofit affiliated entities have no other tax positions which must be considered for disclosure. Tax returns filed by NHPF and its nonprofit affiliated entities are subject to examination by the Internal Revenue Service for a period of three years. While no tax returns are currently being examined by the Internal Revenue Service, tax years since 2016 remain open.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

The following are single member limited liability companies and therefore, these entities are treated as disregarded entities for income tax purposes and, as such, are not subject to income taxes:

- Alexander House Owner, LLC
- Anacostia Gardens Investor, LLC
- Anacostia Gardens GP, LLC
- Nannie Helen Owner, LLC
- New Covent LLC
- New Covent Managing Member, LLC
- New Mark Twain, LLC
- NHPF/WFH, LLC
- Princess Anne Investor, LLC
- Princess Anne Owner, LP
- Princess Anne GP, LLC
- The Pines Owner, LLC
- Takoma Place Investor, LLC
- Workforce Housing I, LLC

Rather, all items of taxable income and deductions are passed through to and are reported by NHPF or its nonprofit affiliated entities on their income tax return. Accordingly, these consolidated financial statements do not reflect a provision or benefit for income taxes for these entities. Since the entities are not required to file income tax returns, they have no filings which are open to examination by the Internal Revenue Service.

All other affiliated entities have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective income tax returns. The affiliated entities' federal tax status as pass-through entities are based on their legal status as partnerships or limited liability companies. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. These affiliated entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for federal income taxes for these affiliated entities. However, certain entities are located in the District of Columbia, Connecticut, New Jersey and Texas, which do not recognize flow through entities, and therefore, income for those entities is subject to tax. Those entities include, Woodmont Crossing, Wade Road Parkchester, Takoma Place, Anacostia Gardens, Benning Heights Investor, Columbia Heights Village, Hollybush GP, Orange GP, Bayview Preservation, and Cleme Manor Holdings. Accordingly, these statements include a provision for State income taxes in the total amount of \$16,953 and \$3,000, respectively, for the years ended December 31, 2019 and 2018. These affiliated entities have no other tax positions which must be considered for disclosure. Income tax returns filed by these affiliated entities are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2016 remain open.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Use of Estimates

The preparation of the 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 certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts for the prior year have been reclassified to conform to the current year presentation.

Change in accounting principles

During the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's ("FASB's") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not have an effect on the timing of the Organization's revenue recognition for the years ended December 31, 2019 and 2018. During the year ended December 31, 2019, the Organization adopted FASB ASU 2016-18, *Statement of Cash Flows (Topic 230)* ("ASU 2016-18"). ASU 2016-18 addresses diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents, and restricted cash between the balance sheet and the statement of cash flows. The adoption of ASU 2016-18 did not have an effect on the Organization's financial statements.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and contributions made in the accompanying financial statements. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 3 - AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year-end	2019	2018
Cash	\$ 28,966,616	\$ 37,293,851
Investments - unrestricted	-	77,608
Accounts receivable	2,647,384	1,677,733
Grants receivable	2,538	9,120
Total financial assets available at year-end (available over the next 12 months to meet general expenditures)	<u>\$ 31,616,538</u>	<u>\$ 39,058,312</u>

The Organization receives revenue from rent, developer fees, other miscellaneous sources, as well as contributions without donor restrictions, all of which is available to meet general expenses during the next 12 months.

Additionally, in the normal course of business the Organization will make expenditures related to the acquisition and rehabilitation of properties. At any point in time, the Organization has a balance of these expenses shown as deferred development costs on the accompanying consolidated statement of financial position. These expenditures are reimbursed to the Organization from funding for the acquisition and rehabilitation of our properties. The total of these expenditures at December 31, 2019 and 2018, was \$7,840,291 and \$4,949,521, respectively, and is included in the consolidated statement of financial position as deferred development costs. Such funds, when reimbursed to the Organization, are then available to be used to acquire new properties and cover the up-front costs of new rehabilitation efforts.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 4 - STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts in the statement of cash flows:

	2019	2018
Cash and cash equivalents	\$ 28,966,616	\$ 37,293,851
Tenant security deposits	1,752,724	1,514,694
Restricted cash	20,736,654	1,662,526
Funded reserves	65,716,709	53,199,632
	<hr/>	<hr/>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	\$ 117,172,703	\$ 93,670,703
	<hr/> <hr/>	<hr/> <hr/>

Amounts included in restricted cash are comprised of donor restricted cash, tenant security deposits, and funded reserves as required by various agreements.

NOTE 5 - HOUSING ASSISTANCE AGREEMENTS

The Federal Housing Administration (“FHA”) has contracted with certain affiliated entities under Section 8 of the Housing Act of 1937, to make housing assistance payments on behalf of qualified tenants. The various contracts have expiration dates ranging from 2020 through 2039.

The affiliated entities receive a substantial amount of revenue from these contracts, and therefore, if the contracts are not extended or replaced, operating results will be adversely affected. Management plans to renew the contracts prior to the expiration of their terms, for the maximum renewal term available.

NOTE 6 - INVESTMENTS

At December 31, 2019 and 2018, investments held in brokerage investment accounts consists of certificates of deposits in the amount of \$0 and \$226,494, respectively.

It is management’s opinion that the fair value of these investments approximates their carrying amount on the books of NHPF. As of December 31, 2019 and 2018, \$0 and \$148,886, respectively, is restricted pursuant to various agreements.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 7 - INVESTMENTS IN OPERATING ENTITIES

As of December 31, 2019 and 2018, NHPF and its affiliates have investments in operating entities that it accounts for under the cost or equity method. These investments are summarized in the table below:

Operating Entity	Date of Initial Investment	Accounting Method	12/31/2019	12/31/2018
Housing Partnership Equity Trust, LLC	Various	Cost	\$ 172,209	\$ 184,030
NHPF-Shore Hill Investor, LLC	2018	Cost	1,506,320	1,515,320
NHPF-Shore Hill Manager, LLC	2018	Cost	2,520	2,530
NHPF-Harbor Hill Manager, LLC	2019	Cost	153,705	-
NHPF-Sunset Gardens Manager, LLC	2019	Cost	54,612	-
Total cost method investments			<u>1,889,366</u>	<u>1,701,880</u>
CHA LLC	2016	Equity	\$ (36)	(36)
Cherry Estates	2011	Equity	1,601	1,821
Eagles Landing	2015	Equity	37,957	44,339
NHPF/UA, LLC	2016	Equity	(36,717)	627,685
NHPF/UA II, LLC	2017	Equity	(1,257,543)	33,585
NHPF / WFH, LLC	2016	Equity	(344,873)	(32,500)
Total equity method investments			<u>(1,599,611)</u>	<u>674,894</u>
Total cost and equity method investments			<u>\$ 289,755</u>	<u>\$ 2,376,774</u>

The combined equity investments as of and for the years ended December 31, 2019 and 2018 are summarized below:

Investments in operating entities at January 1, 2018	\$ (39,812)
Capital contributions paid	381,550
Distributions received	(55,678)
Equity in income of Operating Entities	<u>388,834</u>
Investments in operating entities at December 31, 2018	\$ 674,894
Deficit transferred in	(2,113,805)
Distributions received	(290,333)
Equity in losses of operating entities	<u>129,633</u>
Investments in operating entities at December 31, 2019	<u>\$ (1,599,611)</u>

The combined summary financial information of the equity investments as of December 31, 2019 and 2018 and for the years then ended, are as follows:

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

BALANCE SHEET

	2019	2018
Cash and cash equivalents	\$ 747,912	\$ 690,235
Restricted cash	1,698,888	1,294,301
Investment in properties	(3,433,394)	628,569
Land, buildings, improvements and equipment, net	27,608,088	28,983,164
Mortgage escrow and utility deposits	93,878	74,701
Prepaid expenses and other assets	281,204	816,113
Replacement reserves	95,852	20,425
Tenants' security deposits	100,949	59,355
Due from affiliate	500,000	24,596
	<u>27,693,377</u>	<u>32,591,459</u>
Total assets	\$ 27,693,377	\$ 32,591,459
 LIABILITIES AND MEMBERS' EQUITY		
Accounts payable and accrued expenses	\$ 825,172	\$ 1,647,516
Other liabilities	1,633,827	1,758,256
Tenants' security deposits	53,336	50,712
Mortgage notes payable	17,168,586	17,387,145
Notes and construction loans payable with accrued interest	900,000	3,002,510
	<u>20,580,921</u>	<u>23,846,139</u>
Total liabilities	20,580,921	23,846,139
Members' equity		
NHPF member equity	(1,599,611)	674,894
Other members' equity	8,712,067	8,070,426
	<u>7,112,456</u>	<u>8,745,320</u>
Total members' equity	7,112,456	8,745,320
Total liabilities and members' equity	\$ 27,693,377	\$ 32,591,459

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

STATEMENT OF OPERATIONS

	<u>2019</u>	<u>2018</u>
Revenue		
Rent revenue	\$ 3,390,162	\$ 3,205,484
Asset management fees	76,558	389,141
Interest revenue	14,345	6,822
Other revenue	<u>240,617</u>	<u>32,479</u>
Total revenue	3,721,682	3,633,926
Operating expenses		
Legal expense	37,279	13,902
Other professional fees	13,960	22,500
Office expenses	667,297	833,066
Miscellaneous operating expenses	<u>3,619,468</u>	<u>4,430,957</u>
Total operating expenses	<u>4,338,004</u>	<u>5,300,425</u>
Net loss before equity in losses	(616,322)	(1,666,499)
Equity in losses	<u>-</u>	<u>-</u>
Net loss	<u>\$ (616,322)</u>	<u>\$ (1,666,499)</u>
NHPF share of net income (loss)	<u>\$ 129,633</u>	<u>\$ 388,834</u>
Other members' share of net (loss) income	<u>\$ (745,955)</u>	<u>\$ (2,055,333)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 8 - NOTES RECEIVABLE AND ACCRUED INTEREST

Notes receivable and accrued interest consist of the following:

Affiliated Entity	Description	2019 Note Balance	2018 Note Balance	2019 Accrued Interest	2018 Accrued Interest	Maturity Date	Interest Rate	Borrowers
Bayview	HTCC Loan	\$ 500,000	\$ 500,000	\$ 97,538	\$ 82,232	12/1/2054	2.70%	Bayview Preservation
Bayview	Seller Loan	10,238,570	10,285,139	123,873	169,151	12/1/2054	2.40%	Bayview Preservation
NHPF	HUD Loan	2,740,408	2,740,408	230,737	144,129	1/1/2049	2.75%	Benning Heights Investor
Miliken	Seller Loan	5,185,000	5,185,000	971,160	735,554	12/31/2056	7.00%	Ships Cove Preservation
Miliken	Reserve Note	1,252,000	1,252,000	316,676	210,797	12/31/2056	7.00%	Ships Cove Preservation
Cherry	Seller Loan	21,702	73,481	491	4,678	7/14/2046	3.86%	Cherry Estates L.P
Falls Church	Loan	705,830	514,250	102,878	53,207	11/4/2015	5.00%	Alexander House
Falls Church	Loan	-	2,000,000	-	82,355	Repaid	5.00%	Cambridge
Falls Church	Loan	367,575	-	12,218	-	6/30/2020	5.00%	Anacostia
Falls Church	Loan	34,800	-	1,559	-	Redevelopment	5.00%	Takoma
Forest	Seller Loan	940,978	1,433,253	3,177	15,442	3/19/2037	1.00%	Forest Park
Foxwood	Seller Loan	12,800,000	12,800,000	7,507,293	6,681,287	6/30/2046	4.24%	Foxwood Preservation
Hollybush	Seller Loan	5,622,390	5,817,528	108,122	130,695	12/31/2055	3.28%	Hollybush Preservation
Jamestown	Acquisition Loan	3,000,000	3,000,000	92,700	397,505	8/25/2024	2.99%	Cleme
Jamestown	Acquisition Loan	1,260,000	1,200,000	90,679	51,901	8/25/2024	2.99%	Cleme
NHPF	Mortgage	184,250	184,250	66,915	58,179	11/30/2049	8.00%	Harvest Home
NHPF	Sponsor Loan	855,801	983,399	6,062	7,013	2/15/2025	8.50%	Clipper
NHPF	Sponsor Loan	1,450,000	1,450,000	178,689	164,188	3/19/2037	1.00%	Forest Park
NHPF	Sponsor Loan	1,045,000	1,045,000	120,800	118,442	3/1/2044	1.00%	Walnut Square
NHPF	Sponsor Loan	600,000	600,000	69,374	68,515	3/1/2044	1.00%	Walnut Square
NHPF	Sponsor Loan	250,000	250,000	157,755	134,865	3/1/2027	5.15%	Walnut Square
NHPF	Sponsor Loan	236,721	254,720	1,200	799	12/31/2051	1.00%	Roundtree
Mark Twain	Promissory Note	1,614,337	1,718,958	130,854	-	4/1/2060	8.00%	Mark Twain
Orange	Seller Loan	17,800,000	17,800,000	4,684,996	4,370,371	12/31/2052	3.53%	Orange Preservation
Plaza B	Gap Loan	109,190	109,190	15,800	15,695	6/1/2046	3.14%	Plaza B II
Plaza B	Seller Loan	4,250,669	4,250,669	787,254	645,633	6/1/2046	3.14%	Plaza B II
Plaza B	Reserve Note	336,256	336,256	61,289	49,881	6/1/2046	3.14%	Plaza B II
NHPF	Promissory Note	1,111,865	511,343	66,136	-	12/18/2044	8.00%	St Luke's GP
St Luke GP	Promissory Note	1,111,865	511,343	66,136	-	12/18/2044	8.00%	St Luke's Preservation
St. Luke's	Seller Loan	4,815,000	4,815,000	2,440,653	2,150,204	12/18/2044	4.17%	St Luke's Preservation
Takoma	Bridge Loan	74,446	-	-	-	Conversion	0.00%	NHPF
Nannie Helen Owner	Bridge Loan	322,388	-	939	-	Conversion	5.40%	NHPF
St Lukes	Promissory Note	454,410	-	-	-	N/A	0.00%	NHPF
	Sub-total	81,291,451	81,621,187	18,513,953	16,542,718			
	Less: Allowance	(2,740,408)	(2,740,408)	(230,737)	(144,129)			
	Eliminations	(77,163,400)	(76,787,432)	(18,089,426)	(16,300,388)			
	Total	\$ 1,387,643	\$ 2,093,347	\$ 193,790	\$ 98,201			

[1] - Loan is due by the third equity installment received at rental achievement.

[2] - Loan is included in a promissory note dated March 11, 2019 and the previous note was cancelled. The maturity date is the earlier of (i) Borrower's closing on the LIHTC, (ii) Borrower's sale of the Alexander House Apartments and (iii) March 11, 2022.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 9 - LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT, NET

As of December 31, 2019 and 2018, land, buildings, improvements and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 68,513,054	\$ 63,650,019
Buildings, improvements and equipment	<u>707,497,785</u>	<u>521,216,194</u>
	776,010,839	584,866,213
Less: Accumulated depreciation	<u>(107,125,110)</u>	<u>(90,747,966)</u>
	<u>\$ 668,885,729</u>	<u>\$ 494,118,247</u>

Depreciation expense for 2019 and 2018 amounted to \$16,377,144 and \$12,835,436, respectively. Construction in progress of \$18,268,287 and \$9,300,869 at December 31, 2019 and 2018, respectively, is included in buildings, improvements and equipment. Accumulated depreciation includes a one-time elimination adjustment related to intercompany gain on sales. Refer to Note 14 for the acquisition and disposition of properties during 2019 and 2018.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 10 - NOTES AND CONSTRUCTION LOANS PAYABLE

Notes payable and accrued interest consist of the following:

Affiliated Entity	2019 Note Balance	2018 Note Balance	2019 Accrued Interest	2018 Accrued Interest	Maturity Date	Interest Rate	Lenders
NHPF	\$ 1,187,570	\$ 1,791,714	\$ 21,802	\$ 20,157	2023	4.500%	Prudential Insurance Company of America
NHPF	2,250,000	2,250,000	17,250	17,250	2023	3.000%	Prudential Insurance Company of America
NHPF-Strand	1,000,000	-	-	-	At Conversion	5.400%	NHPF
NHPF-Deanwood	-	325,000	-	5,281	2019	6.500%	National Housing Trust
NHPF-Ridgecrest	-	1,628,000	-	23,403	At Conversion	5.750%	Capital Impact Partner's NHPF and VOV Community Development Corp.
Alabama Ave. (Roundtree) - Sponsor Lo	510,104	516,983	2,449	2,696	2051	1.000%	Falls Church
Alexander House - Bridge Loan	705,830	514,250	102,878	52,682	At Recapitalization	5.000%	NHPF
Anacostia Gardens	-	286,841	-	6,439	Repaid	8.000%	Falls Church
Anacostia Gardens	367,575	-	12,218	-	2020	8.000%	Cornerstone/Bayview Inc.
Bayview Preservation - Seller Loan	10,238,570	10,285,139	123,872	169,151	2054	2.400%	Cornerstone/Bayview Inc.
Bayview Preservation - HTCC Loan	500,000	500,000	97,539	82,232	2054	2.700%	NHPF
Benning Heights Investor	2,740,408	2,740,408	230,737	151,204	2049	2.750%	NHPF
Benning Heights Investor	-	14,800	-	284	2020	5.000%	NHPF
Benning Heights Investor	-	14,681,192	-	57,006	Converted 9/17/19	2.250%	Citibank
Benning Heights Investor	-	5,012,387	-	298,749	2049	3.000%	District of Columbia Department of Housing and Community Development
Bolton - Bridge loan	-	8,185,074	-	30,387	Repaid	Varies	PNC Bank
Bolton - Sponsor Loan	500,000	500,000	23,608	10,308	2035	2.660%	NHPF/UA II, LLC
Cleme - City Loan	3,000,000	3,000,000	422,881	400,503	2024	2.990%	Jamestown Affordable Housing, Inc.
Cleme - Owner Loan	1,260,000	1,200,000	70,322	52,382	2024	2.990%	Jamestown Affordable Housing, Inc.
Clipper	570,534	655,602	4,041	4,799	At Recapitalization	8.500%	TPI
Clipper	855,801	983,399	6,062	7,198	At Recapitalization	8.500%	NHPF
Forest Park - Seller Loan	940,978	1,438,914	3,177	9,684	2037	1.000%	Forest Park Affordable Housing, Inc.
Forest Park - NHPF Loan	1,450,000	1,450,000	178,689	164,189	2037	1.000%	NHPF
Foxwood Preservation - Seller Loan	12,800,000	12,800,000	7,507,293	6,681,287	2046	4.240%	Foxwood Affordable Housing, Inc.
Harvest Home	184,250	184,250	66,915	48,310	2049	8.000%	NHPF
Hollybush Preservation - Seller Loan	5,622,390	5,817,528	108,122	130,695	2055	3.280%	Hollybush Dept. of Housing and Community Development
Jamestown	4,260,000	4,200,000	-	-	2024	0.000%	City of Chicago
Mark Twain	-	4,993,284	-	-	Assigned	8.000%	City of Chicago
Mark Twain	-	18,498,521	-	22,609	Repaid	8.000%	City of Chicago
Mark Twain NHPF, LLC	27,325,000	-	50,096	-	2060	4.400%	The Huntington National Bank
Mark Twain NHPF, LLC	4,805,136	-	71,549	-	2060	8.000%	City of Chicago
Mark Twain NHPF LLC - Sponsor Loan	1,614,337	1,699,390	130,854	-	2060	8.000%	NHPF
Mark Twain NHPF LLC - ComEd	74,446	-	-	-	2060	0.000%	ComEd
Mark Twain NHPF LLC -	2,565,584	-	13,256	-	2060	6.000%	Chicago Community Loan Fund
Nannie Helen Owner LLC (The Strand)	8,495,366	4,653,975	118,598	167,994	2057	3.000%	Office of the Deputy Mayor for Planning and Economic Development
Nannie Helen Owner LLC (The Strand)	19,500,000	-	1,037	-	2039	1.450%	DCHFA
Nannie Helen Owner LLC (The Strand)	304,420	-	-	-	2039	3.959%	Citibank
Nannie Helen Owner LLC (The Strand)	322,388	-	940	-	At Conversion	5.400%	NHPF
New Covent LLC	-	328,004	-	-	2023	8.000%	NHPF
Orange Preservation - Seller Loan	17,800,000	17,800,000	4,684,996	4,375,985	2052	3.530%	Orange Affordable Housing, Inc.
Plaza B II-Seller Note	4,250,669	4,250,669	787,254	645,634	2046	3.140%	Plaza Borinquen 88 Owner L.P.
Plaza B II-Reserve Note	336,256	336,256	61,289	49,881	2046	3.140%	Plaza Borinquen 88 Owner L.P.
Plaza B II-Gap Note	109,190	109,190	15,800	15,695	2046	3.140%	Plaza Borinquen 88 Owner L.P.
Plaza B II - HDC 2nd	1,920,000	1,920,000	1,495	1,600	2046	1.000%	New York City Housing Development Corporation
Ridgecrest Court	2,525,000	-	311,724	-	2024	4.610%	Parklands, Inc.
St. Luke's Preservation - Seller Loan	4,815,000	4,815,000	2,440,653	2,150,204	2044	4.170%	Cornerstone/St. Luke's, Inc.
St. Luke's GP-Promissory Note	1,111,865	511,343	66,136	-	N/A	0.000%	NHPF
St. Luke's Preservation	1,111,865	511,343	-	-	N/A	0.000%	NHPF
Takoma	16,570,000	4,450,000	72,770	20,194	2020	5.270%	District of Columbia Housing Finance Agency
Takoma	-	13,637,505	-	354,427	2057	3.000%	District of Columbia Department of Housing and Community Development
Takoma	34,800	-	1,559	-	2020	8.000%	Falls Church LIIF Housing Preservation Fund, LLC
The Pines Owner	3,700,000	3,700,000	20,813	20,813	2023	6.750%	LLC
Wade Road Investor, LLC (Parkchester)	-	9,500,000	-	-	2056	3.760%	Citibank
Walnut Square - NHPF Loan	1,045,001	1,045,001	120,800	177,945	2044	1.000%	NHPF
Walnut Square - NHPF Loan	600,000	600,000	69,374	102,169	2044	1.000%	NHPF
Walnut Square - NHPF Loan	250,000	250,000	157,755	42,570	2027	5.150%	NHPF
Walnut Square - TCAP	1,000,000	1,000,000	84,341	78,877	2051	1.000%	TCAP - Louisiana Housing and Finance Agency
Sub-total	173,130,333	175,570,962	18,282,944	16,652,873			
Eliminations	(73,427,367)	(73,720,484)	(17,480,194)	(15,504,609)			
Total	99,702,967	101,850,478	\$ 802,750	\$ 1,148,264			
Unamortized debt issuance costs	(598,187)	(1,720,894)					
Total	99,104,780	100,129,584					
Accrued Interest	802,750	1,148,264					
Balance, Net of Unamortized Debt Issuance Costs	\$ 99,907,530	\$ 101,277,848					

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

For the years ended December 31, 2019 and 2018, total interest costs of \$3,401,974 and \$2,949,669, respectively, were incurred and expensed. For the years ended December 31, 2019 and 2018, amortization of debt issuance costs were \$858,031 and \$28,138, respectively, of which \$65,997 and \$0, respectively, were capitalized and \$792,034 and \$28,138, respectively were expensed and were included in total interest costs expensed.

Debt issuance costs, net of accumulated amortization, as of December 31, 2019 and 2018, totaled \$598,187 and \$1,720,894, respectively, and are related to the notes and construction loans payable. Amortization of the debt issuance costs is based on imputed rates ranging from 5.08% to 6.60%.

Total minimum principal payments for the next five years and thereafter on notes payable are due as follows:

<u>Year ending December 31,</u>	<u>Total</u>
2020	\$ 9,417,409
2021	-
2022	-
2023	3,785,661
2024	2,310,392
Thereafter	<u>84,189,505</u>
	99,702,967
Unamortized debt issuance costs	<u>(598,187)</u>
	<u>\$ 99,104,780</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 11 - MORTGAGE NOTES PAYABLE

Mortgage notes payable and accrued interest consist of the following:

Affiliated Entity	2019 Mortgage Amount	2019 Accrued Interest	2018 Mortgage Amount	2018 Accrued Interest	Maturity Date	Interest Rate	Description or Mortgagee
250 Pepper Tree Manor LP	\$ 3,507,392	\$ 179,842	\$ 3,582,004	\$ -	2022	5.000%	PNC Bank
250 Pepper Tree Manor LP	3,103,000	-	3,231,400	-	2044	0.000%	Texas Dept. of Housing and Community Affairs
1255 NPO Owner, LLC	48,840,000	-	-	-	2030	3.950%	Citibank NA
1300 NPO Owner, LLC	34,382,000	-	-	-	2030	3.950%	Citibank NA
A.C.T. Affordable Housing (LaSalle)	889,051	7,794	902,857	7,794	2028	4.870%	Bellwether Enterprise Mortgage Investment LLC
A.C.T. Affordable Housing (LaSalle)	874,893	1,470	882,277	1,470	2037	2.000%	City of Charlotte
Alabama Ave. Afford. Housing (Roundtree)	4,690,000	54,404	4,770,000	55,332	2048	2.320%	District of Columbia Housing Finance Agency
Alabama Ave. Afford. Housing (Roundtree)	5,000,000	-	5,000,000	267,546	2051	1.000%	District of Columbia Department of Housing and Community Development
Alexander House Owner, LLC	4,720,000	-	4,800,000	-	2019	Varies	Enterprise Community Loan Fund Inc.
Alexander House Owner, LLC	980,000	-	900,000	-	At Conversion	6.000%	Enterprise Community Loan Fund Inc.
Anacostia Gardens Investor, LLC	6,400,000	28,599	6,400,000	32,099	2019	variable	Eagle Bank
Anacostia Gardens Investor, LLC	2,400,000	12,000	2,400,000	12,000	At Recapitalization	6.000%	Local Initiatives Support Corporation
Bayview Preservation Partners, LP	15,037,820	80,979	15,153,408	80,979	2054	6.250%	Connecticut Housing Finance Authority
Benning Heights Investor	13,151,439	-	-	-	2049	2.250%	Citibank
Benning Heights Investor	5,012,387	-	-	-	2049	0.000%	District of Columbia Department of Housing and Community Development
Berry Manor Owner, LP	4,515,000	-	-	-	At Recapitalization	4.500%	Low Income Investment Fund
Bolton North, LP	24,370,000	188,025	24,795,000	189,141	2034	variable	Maryland Community Development Administration
Center City Apt Urban Renewal, LLC	4,456,706	16,453	-	-	2054	4.430%	ORIX Real Estate capital LLC
Irvine Turner Apts Urban Renewal, LLC	8,808,359	32,518	-	-	2054	4.430%	ORIX Real Estate capital LLC
C/HP Cove, Inc. (Clipper)	15,493,771	49,632	15,897,775	50,926	2023	3.720%	PNC Bank
C/HP Cove, Inc. (Clipper)	7,778,539	36,485	8,335,561	37,038	2023	5.160%	PNC Bank
Cleme Manor Holdings, LLC	17,966,242	-	17,860,815	8,081	At Conversion	3.250%	PNC Bank
Columbia Heights Village Apartments LP	59,679,449	180,895	61,299,506	185,806	2022	3.520%	Enterprise Mortgage Investments, LLC
Columbia Heights Village Apartments LP	28,499,839	114,609	28,959,808	116,459	2022	4.670%	Bellwether Enterprise Mortgage Investments, LLC
Falls Church-Winter Hill	-	-	-	-	Refinanced	3.368%	Oak Grove Commercial Mortgage, LLC
Falls Church-Winter Hill	7,353,044	28,366	7,471,087	28,822	2028	4.780%	Jones Lang LaSalle Multifamily LLC
Foxwood Preservation Partners, LP	10,784,341	-	10,954,222	-	2046	variable	Bank of America, N.A./Pennsylvania Housing Finance Agency
Harvest Homes Apartments LP	587,225	2,849	1,634,622	88,180	2036	5.790%	JPMorgan Chase Bank,
Harvest Homes Apartments LP	1,039,544	-	-	-	2049	7.000%	The Peoples Community Development Association of Chicago
Hollybush Preservation Partners, LP	13,920,000	121,877	14,075,000	122,749	2022	2.25%/3.55%	New Jersey Housing and Mortgage Finance Agency
Mark Twain NHPF, LLC	25,030,803	94,838	27,325,000	-	2060	4.400%	Bellwether Enterprises Real Estate Capital, LLC
New Covent, LLC	5,000,000	68,163	5,000,000	62,890	2019	5.250%	Community Investment Corporation
New Covent, LLC	2,220,000	10,918	2,220,000	10,702	2019	6.000%	Chicago Community Loan Fund
Orange Preservations Partners, LP	16,895,000	251,816	17,180,000	255,199	2028	4.839%	New Jersey Housing and Mortgage Finance Agency
Plaza Boringuen 88 Owner II LP	8,108,182	41,698	8,222,426	40,770	2046	5.950%	New York City Housing Development Corporation
Preservation Housing II, L.L.C. (Forest Park)	4,636,177	26,324	4,743,290	26,879	2027	6.800%	Pacific Life Insurance Company
Preservation Housing IV, L.L.C. (Walnut)	2,287,821	13,975	2,334,977	14,263	2028	7.330%	Pacific Life Insurance Company
Preservation Housing IV, L.L.C. (Walnut)	19,842,013	110,173	19,777,452	104,980	2044	1.000%	Louisiana Housing Finance Authority
Princess Anne Owner, LP	9,397,500	48,230	9,397,500	48,230	2019	5.960%	LIIF Housing Preservation Fund, LLC
Ridgecrest	21,075,000	83,662	-	-	2024	4.610%	JP Morgan Chase Bank
Ridgecrest	7,500,000	287,813	-	-	2023	4.500%	DHCD/Capital Impact Partners
Ship's Cove Preservation Partners	10,495,938	35,951	10,653,304	35,951	2034	4.090%	Massachusetts Development Finance Agency
St. Luke's Preservation Partners, LP	4,000,000	-	4,000,000	-	2042	variable	Industrial Development Authority of the City of St. Louis, Missouri
Takoma Place SM LLC	-	-	-	-	2020	variable	Citibank NA
Takoma Place SM LLC	13,637,505	-	-	-	2057	3.000%	DC Department of Housing and Community Development
The Pines Owner, LLC	14,192,356	41,808	14,492,765	41,808	2023	3.350%	Jones Lang LaSalle Multifamily, LLC
Wade Road Investor, LLC (Parkchester)	6,229,857	37,739	6,413,410	18,528	2056	1.000%	DC Department of Housing and Community Development
Wade Road Investor, LLC (Parkchester)	9,366,429	-	-	-	2056	variable	Citibank NA
Wade Road Investor, LLC (Parkchester)	-	-	-	-	Refinanced	variable	Citibank NA
Woodmont Crossing Investor, LLC	25,096,216	445,333	25,398,000	93,003	2058	4.400%	District of Columbia Housing Finance Agency
Mortgage notes payable	559,250,838	\$ 2,735,238	396,463,466	\$ 2,037,625			
Unamortized Debt Issuance Costs	(11,387,110)		(12,406,542)				
Accrued interest	2,735,238		2,037,625				
Mortgage notes payable, net	\$ 550,598,966		\$ 386,094,549				

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

As of December 31, 2019 and 2018, all other mortgage notes payable are solely collateralized by the respective rental properties owned by the affiliated entities responsible for each mortgage. NHPF has provided no underlying guarantees on other mortgage notes, other than standard guarantees for fraud and other “bad boy” acts. Principal and interest are payable monthly on all mortgage notes except those financed with tax-exempt bonds. On tax-exempt bond financing, the bond payments are made in accordance with the various bond agreements. All loan agreements require various periodic escrow deposits for taxes, insurance and replacement of property assets.

Total principal payments on mortgage notes are due as follows:

Year ending December 31,	Total
2020	\$ 54,851,756
2021	6,024,355
2022	90,985,425
2023	37,854,494
2024	3,209,641
Thereafter	<u>366,325,167</u>
	559,250,838
Unamortized debt issuance costs	<u>(11,387,110)</u>
	<u>\$ 547,863,728</u>

For the years ended December 31, 2019 and 2018, total interest costs of \$18,101,701 and \$15,997,980, respectively, were incurred, of which \$542,797 and \$1,167,263, respectively, were capitalized and \$17,558,904 and \$15,631,737, respectively, were expensed. For the years ended December 31, 2019 and 2018, amortization of debt issuance costs of \$945,649 and \$1,331,641, respectively, were included in total interest costs expensed. For the years ended December 31, 2019 and 2018, the unrealized (loss) gain on the interest rate liability of (\$359,016) and \$366,243, respectively, were included in total interest costs expensed.

Debt issuance costs, net of accumulated amortization, as of December 31, 2019 and 2018, totaled \$11,387,110 and \$12,418,979, respectively, and are related to the mortgage notes payable. Amortization of the debt issuance costs on the above notes results in an effective yield between 1.78% to 8.40%.

Interest Rate Swap Contracts

To manage risk and the economic impact related to interest rate movements on loans funded with variable rate tax-exempt bonds, two affiliated entities, Foxwood Preservation and St. Luke’s Preservation, have entered into swap contracts. Under Foxwood Preservation’s contract, Foxwood

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Preservation pays a fixed interest rate of 3.81% per annum and receives a floating rate based on the USD-SIFMA Municipal Swap Index (1.61% and 1.71% at December 31, 2019 and 2018, respectively). This swap matures on December 1, 2025. Under the St. Luke's Preservation contract, St. Luke's Preservation pays a fixed interest rate of 3.68% per annum and receives a floating interest rate based on the USD-SIFMA Municipal Swap Index (1.61% and 1.71% at December 31, 2019 and 2018, respectively). This swap contract matures on December 1, 2026.

The fair value of the interest rate swap liability represents an estimate of the amount that the affiliated entities would have to pay the other party to the swap contracts to cancel the swaps as of December 31, 2019 and 2018 and is based on current interest rates for similar contracts. The recorded amount of the liability or asset representing the fair value of the swap contracts will vary from year-to-year with fluctuations in the interest rates and the swaps move closer to their maturity dates. The change in the fair value of the interest rate swaps is recorded in interest expense on the consolidated statement of activities and statement of functional expenses for the years ended December 31, 2019 and 2018. At December 31, 2019 and 2018, the interest rate swap contracts represent a liability of \$2,093,365 and \$1,734,349, which is included in other liabilities on the consolidated statements of financial position.

NOTE 12 - LEASES

NHPF leased office space under a standard commercial operating lease extending through October 31, 2018 for its main office in New York, NY. The lease agreement was subsequently amended to reflect new office space and the lease was extended through November 1, 2028. NHPF leases office space under a standard commercial operating leases extending through December 31, 2026 for its Washington, DC office. Rent expense for the years ended December 31, 2019 and 2018 totaled \$1,324,382 and \$945,065, respectively, which is net of all sublease payments and rent concessions and is included in facilities and maintenance in the accompanying statements of functional expenses.

Future minimum lease commitments at December 31, 2019, are as follows:

2020	\$	975,025
2021		998,066
2022		1,053,757
2023		1,089,327
2024		1,115,024
Thereafter		<u>2,777,234</u>
	\$	<u>8,008,433</u>

NOTE 13 - FAIR VALUE

Accounting standards require disclosure of fair value information about financial instruments when it is practicable to estimate that value. Mortgage and other notes payable that were issued in conjunction with a regulatory agreement with various mortgage lenders, whereby the project receives

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

U.S. Department of Housing and Urban Development (“HUD”) financial assistance in return for providing housing for low- and moderate-income tenants, or are with various state and local housing authorities, were not subject to market conditions at the time of original issuance. Current financing rates are not determinable since the projects are dependent on HUD financial assistance for operation. These circumstances make it impracticable to estimate the fair value of the mortgage and other notes. The carrying amount approximates fair value for other assets and liabilities reported on the consolidated statement of financial position that require disclosure under these standards.

The accounting standard for fair value measurement and disclosures defines fair value, establishes a framework for measuring fair value, and provides for expanded disclosure about fair value measurements. The accounting standard was applied to the Organization’s financial assets and liabilities, and to certain non-financial assets and liabilities. Fair value is defined by the accounting standard for fair value measurement and disclosures as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. The following summarizes the three levels of inputs and hierarchy of fair value the Organization uses when measuring fair value:

- a. Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access;
- b. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- c. Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity’s own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

The loss on the interest rate swap contracts of \$359,016 for 2019 and the gain on the interest rate swap contracts of \$366,243 for 2018, are classified within level 2 of the fair value hierarchy, and are included as an increase in interest expense on the consolidated statement of functional expenses. No other assets or liabilities are measured at fair value as of December 31, 2019 or 2018. The following tables present the fair value of liabilities measured on a recurring basis as of December 31, 2019 and 2018:

	Level 1	Level 2	Level 3	December 31, 2019 Net balance
Interest rate swap contracts	\$ -	\$ 2,093,365	\$ -	\$ 2,093,365

	Level 1	Level 2	Level 3	December 31, 2018 Net balance
Interest rate swap contracts	\$ -	\$ 1,734,349	\$ -	\$ 1,734,349

On a recurring basis, the Organization measures its interest rate swap contracts at their estimated fair value. In determining the fair value of the interest rate swap derivatives, management uses the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. The Organization incorporates credit valuation adjustments to appropriately reflect both the Organization's nonperformance risk and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or the Organization. However, management determined that as of December 31, 2019 and 2018, the impact of the credit valuation adjustments were not significant to the overall valuation of the swaps. As a result, the fair value of the swaps is considered to be based primarily on level 2 inputs.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 14 - ACQUISITION AND DISPOSITION OF PROPERTIES

The following table reflects properties acquired during the two-year period covered by these consolidated financial statements:

<u>Date</u>	<u>Property</u>	<u>Location</u>	<u>Units</u>	<u>Purchase price</u>	<u>Funding</u>
2/15/2018	Woodmont Crossing	Washington, DC	406	\$ 44,660,000	Enterprise Multifamily Opportunity Fund \$4.95M District of Columbia \$25.5M Royal Bank of Canada (RBC) \$12.1M
5/15/2018	Princess Anne Townhomes	Princess Anne, MD	120	\$ 8,770,000	LIFF, NHPF and Morgand Stanley \$9.357M
5/16/2018	Redland Arms Apartments (TPI)***	Florida City, FL	66	\$ 4,400,000	\$3.74M Merchants Loan + Owner Equity
11/7/2018	Brooklyn Port - Shore Hill Housing	Brooklyn, NY	558	\$ 149,410,000	Prudential \$102.2M
12/21/2018	Mark Twain NHPF LLC	Chicago, IL	152	\$ 23,000,000	Bellwether \$18.5M
10/4/2019	Berry Manor Owner, LLC	Chicago, IL	57	\$ 4,933,000	LIFF, NHPF \$4.9M
2/28/2019	Ridgecrest Court Investor, LLC	Washington, DC	272	\$ 28,560,000	Chase \$21.075M, DHCD \$7.5M, Seller Note \$2.525M
4/17/2019	Center City Apartments Urban Renewal, LLC*	Newark, NJ	49	\$ 3,416,197	\$4.4884M FHA 223F Loan + Owner Equity
4/17/2019	Irvine Turner Apartments Urban Renewal, LLC*	Newark, NJ	93	\$ 6,553,803	\$8.871M FHA 223F Loan + Owner Equity
11/26/2019	Brooklyn Port - Harbor Hill Housing**	Brooklyn, NY	87	\$ 1,450,000	Owner Equity
12/11/2019	Brooklyn Port - Sunset Gardens Housing**	Brooklyn, NY	81	\$ 1,350,000	Owner Equity
12/18/2019	Work Force Affordable Housing Fund I, LLC****	Houston, TX	577	\$ 104,028,000	Lakeside Place, \$83.2M Citi Bank, Equity from CIP \$21M \$7.761M FHA 223F Loan + Owner Equity
12/23/2019	Pelican Isles Apartments (TPI)***	Sebastian, FL	150	\$ 8,800,000	

*NHPF's investment in Newark Portfolio is 81%

**NHPF's investment in Brooklyn Portfolio is 3%

*** NHPF's investment in TPI properties is 50%

****NHPF's investment in Work Force Fund is 3.99%

The following table reflects properties sold during the two-year period covered by these financial statements:

<u>Date</u>	<u>Property</u>	<u>Location</u>	<u>Sales Price</u>
12/21/2018	New Mark Twain, LLC	Chicago, Illinois	\$ 23,000,000

The following table represents net assets transferred in during the years ended December 31, 2019 and 2018 from acquisition of general partner interests in the following properties:

	<u>2019</u>	<u>2018</u>
NDFD LLC	\$ (2,107,632)	\$ 346,630
	<u>\$ (2,107,632)</u>	<u>\$ 346,630</u>

There were no excess of revenue over expenses from discontinued operations for the years ended December 31, 2019 and 2018.

On August 1, 2012, NDFD, a wholly-owned subsidiary of NHPF, entered into a limited liability company agreement with UA-NHPF Fund Member LLC to form NHPF/UA. On August 8, 2012, NHPF/UA entered into an agreement with PNC Bank National Association ("PNC") to form NHP

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Foundation – Urban Atlantic Fund I LLC (the “Fund”). The purpose of the Fund is to develop a pipeline of low income tax credit transactions. The Fund will acquire, hold, sell, dispose of and otherwise deal with interests in multi-family projects that qualify both as affordable housing and public welfare investments.

Properties included in the Fund as of December 31, 2019 are as follows:

- New Countryside LLC (Countryside)
- New Exchange Place LLC (Exchange Place)
- New Flanders LLC (Flanders)
- Lancaster Owner, LLC (Lancaster)

On December 18, 2019, Workforce Affordable Housing Fund I LLC (the “Company”), a subsidiary of NHPF, acquired two properties in Houston, Texas. The deal has a public-private financing structure, along with the Workforce Affordable Fund’s mission to provide workforce housing, mandates a mix of affordable and workforce housing. A total of 51% of the units will be restricted to renters earning 80% Area Median income (“AMI”) or less. Of total units, 7% will be reserved for households earning no more than 50% AMI, contingent on an acceptable Project-Based Housing Choice Voucher Program contract (otherwise it shall be 51% affordable at 80% AMI). The remaining 49% of the units will continue to be leased at market rates. The business of the Company is to operate as an investment fund. The Company is with two investor members: Capital Impact Partner with 96% ownership and the Organization with 4% ownership.

NOTE 15 - RESTRICTIONS AND LIMITATIONS ON NET ASSETS

During the years ended December 31, 2019 and 2018, net assets released from temporary donor restrictions and the events and transactions which caused the restrictions to expire are \$10,101 and \$26,692, respectively, for expenses incurred for donor specified purposes.

As of December 31, 2019 and 2018, the balance of donor restricted net assets was \$52,523 and \$51,124, respectively, which is comprised of gifts and other unexpended revenue restricted to specific programs.

NOTE 16 - PROPERTY MANAGEMENT

The NHP Foundation uses third party property management companies to manage the day-to-day operations of its properties.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Guarantees

During the normal course of owning, rehabilitating and operating multifamily affordable housing properties, NHPF makes certain guarantees and enters into agreements containing certain obligations. The typical guarantees are:

Operating Deficit Guarantee

With the exception of Forest, NHPF is obligated to fund operating deficits beginning at a specified time, frequently rental stabilization not to exceed a specified time and amount. In the case of Forest, NHPF has guaranteed the property will operate at a sustainable level for the entire 15-year tax credit compliance period.

Tax Credit Recapture

These are summarized below: Under certain circumstances, the GP may be required to repurchase the equity investor's interest if the property does not generate the promised amount of housing tax credits on schedule.

Construction Completion

NHPF is responsible for any cost overruns relating to development cost, bills, expenses, charges, cost and fees relating to the construction of or rehabilitation completion of the property.

The following table summarizes the guarantees by property:

<u>Property</u>	<u>Type</u>	<u>Operating Deficit Guarantee</u>	<u>Tax Credit Recapture Guarantee</u>	<u>Construction Completion Guarantee</u>
Bayview Preservation	LIHTC	Yes	Yes	N/A
Benning	LIHTC	Yes	Yes	Yes
Bolton North	LIHTC	Yes – Not yet active	Yes	Yes
Cleme	LIHTC	Yes – Not yet active	Yes	N/A
Forest Park	LIHTC	No	Yes	N/A
Foxwood Preservation	LIHTC	Yes	Yes	N/A
Harvest Homes	LIHTC	Yes	Yes	N/A
Hollybush Preservation	LIHTC	Yes	Yes	N/A
Mark Twain NHPF	LIHTC	Yes	Yes	N/A
Orange Preservation	LIHTC	No	Yes	N/A
Parkchester	LIHTC	Yes	Yes	N/A
Plaza B II	LIHTC	Yes	Yes	N/A
Roundtree	LIHTC	Yes	Yes	N/A
Ship's Cove	LIHTC	Yes	Yes	N/A
St Luke's Preservation	LIHTC	No	Yes	N/A
Takoma	LIHTC	Yes – Not yet active	Yes	Yes
Walnut Square	LIHTC	Yes	Yes	N/A
Woodmont	LIHTC	Yes	Yes	N/A

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

Litigation

In the ordinary course of business, NHPF and its affiliated entities are involved in a number of lawsuits, claims and assessments. In the opinion of management, no loss contingencies are required to be recorded in the accompanying consolidated financial statements.

NOTE 18 - JOINT AND SEVERAL LIABILITY

On March 12, 2015, NHPF through a joint venture with Urban Atlantic, an unrelated party, closed a revolving line of credit for \$10,000,000 with the Low-Income Investment Fund (“LIIF”). This facility will be used to purchase multi-family properties where the tenants earn between 80% and 120% of the Area Median Income. The line of credit will be secured by the underlying properties. NHPF and Urban Atlantic have jointly and severally guaranteed the line of credit.

During 2016, the joint venture was modified with Urban Atlantic withdrawing from the joint venture leaving NHPF as the sole guarantor. Also during 2016, \$3,700,000 was drawn against this line and used in the purchase of Pines. As of December 31, 2019, no funds have been drawn on this line of credit.

The LIIF line specified a period of three years from the Closing Date during which funds could be drawn from the line (the “Origination Period”). The Origination Period ended during 2018.

NOTE 19 - CONCENTRATION OF CREDIT RISK

The Organization and its affiliated entities maintain its cash balances at various financial institutions. The institutions are members of the Federal Deposit Insurance Corporation (“FDIC”). Money market fund balances, classified as cash and cash equivalents or restricted cash on the consolidated statements of financial position, are protected by the Securities Investor Protection Corporation (“SIPC”). During 2019 and 2018, the balance in these accounts may have, from time-to-time, exceeded the FDIC and SIPC insurance limits; however, the Organization and its affiliated entities have not experienced any losses with respect to these balances in excess of the government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash and cash equivalent balances at December 31, 2019.

NOTE 20 - SUBSEQUENT EVENTS

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of the subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through July 24, 2020 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that could require recognition in the consolidated financial statements.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2019 and 2018

However, certain subsequent events have occurred that require disclosure as discussed in the following paragraphs:

On January 8, 2020, the Anacostia Gardens Owner, LLC property, located in Washington, DC, closed into a LIHTC transaction with intent to rehabilitate the property utilizing total funding of \$13,819,186. The sources for rehabilitation include a Series 2019 tax-exempt bond funded for \$4,150,000, a District of Columbia Department of Housing and Community Development loan for \$8,865,000, and LIHTC Equity of \$804,186.

On April 17, 2020, Lot 13 Owner, LLC, a subsidiary of NHPF, sold the New China Café, at 600 Division Ave., NE Washington, DC, to Ming Wei Zhang for a nominal sum of \$10. The construction and sale of the New China Café was agreed to in the Property Exchange and Development Agreement between Ming Wei Zhang, The Warrenton Group, and NHPF signed on July 12, 2017. The agreement was later amended and assigned to Lot 13 Owner, LLC.

On April 29, 2020, Hollander Ridge Investor, LLC, consisting of 94 single family homes operating as one multifamily entity located in Maryland, closed into a LIHTC transaction with intent to rehabilitate the property utilizing total funding of \$14,945,723. The sources for rehabilitation include a Tax Exempt Multifamily Revenue Note for \$10,961,417, a Baltimore Affordable Housing Development, Inc. Loan for \$2,379,000 and LIHTC equity of \$1,605,305.

On May 17, 2020, a membership interest in 17 Mississippi Avenue, a vacant property in Southeast Washington, DC, was acquired for a purchase price of \$1,200,000 and was purchased into NHPF Mississippi Manager, LLC. NHPF now retains 75% ownership controlling interest in the property. The property has received a funding commitment from Washington, DC for \$8,000,000 through the Housing Production Trust Fund (“HPTF”). 17 Mississippi Owner, LLC entered into a loan agreement for \$2,100,000 to fund the purchase price and predevelopment expenditures through Local Initiatives Support Corporation (“LISC”), with an interest rate of 6% and requiring interest-only payments. NHPF is a guarantor on the LISC loan.

Additionally, in early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Organization’s financial position, results of operations, and cash flows. While the Organization is not able to reliably estimate the length or severity of this outbreak and the related financial impact, management believes that it took all the necessary steps to ensure business continuity.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
The NHP Foundation

Report on Supplementary Information

We have audited the consolidated financial statements of The NHP Foundation and its Affiliated Entities as of and for the year ended December 31, 2019, and our report thereon dated July 24, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 3 and 4. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 45 through 98, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information, except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating 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, based on our audit and the reports of other auditors, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information on pages 50 through 98, marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CohnReznick LLP

Bethesda, Maryland
July 24, 2020

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

	The NHP Foundation	Operation Pathways	Interstate	All Real Estate Entities	Consolidated Eliminations	Total
Assets:						
Cash and cash equivalents	\$ 17,205,057	\$ 167,407	\$ 5,294	\$ 11,588,858	\$ -	\$ 28,966,616
Investments - restricted	-	-	-	-	-	-
Investments - unrestricted	-	-	-	-	-	-
Restricted cash	1,242,317	-	-	19,494,337	-	20,736,654
Notes receivable and accrued interest	7,832,793	-	-	88,236,720	(94,488,080)	1,581,433
Grant receivable	-	2,538	-	-	-	2,538
Investments in housing funds	66,485,378	-	5,081	4,509,806	(70,710,510)	289,755
Land, buildings, improvements and equipment, net	345,604	-	-	704,904,202	(36,364,077)	668,885,729
Mortgage escrow and utility deposits	-	-	-	59,813,311	-	59,813,311
Prepaid expenses and other assets	337,529	-	-	5,115,931	-	5,453,460
Replacement reserves	-	-	-	5,903,398	-	5,903,398
Tenants' security deposits	-	-	-	1,752,724	-	1,752,724
Deferred development costs	8,085,403	-	-	-	(245,112)	7,840,291
Deferred other costs, net	-	-	-	4,692,760	(2,080,560)	2,612,200
Asset management and resident service fees receivable	30,000	-	-	683,545	(580,670)	132,875
Advances receivable	10,125,945	15,199	734,711	376,587	(10,158,227)	1,094,215
Due from affiliates	14,998,347	-	-	4,692,856	(5,413,642)	14,277,561
Total assets	\$ 126,688,373	\$ 185,144	\$ 745,086	\$ 911,765,035	\$ (220,040,878)	\$ 819,342,760

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
SUPPLEMENTARY INFORMATION - CONTINUED
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2019

	The NHP Foundation	Operation Pathways	Interstate	All Real Estate Entities	Consolidated Eliminations	Total
Liabilities:						
Accounts payable and accrued expenses	\$ 983,683	\$ 150,946	\$ -	\$ 6,659,097	\$ (410,849)	\$ 7,382,877
Other liabilities	9,476,402	22,800	-	11,497,626	(6,356,501)	14,640,327
Tenants' security deposits	-	-	-	1,806,440	-	1,806,440
Mortgage notes payable and accrued interest	-	-	-	492,544,210	58,054,756	550,598,966
Notes and construction loans payable and accrued interest	4,476,622	-	-	240,810,764	(145,379,856)	99,907,530
Accounts payable - affiliates	342,853	-	-	27,715,698	(14,100,321)	13,958,230
Asset management fees payable	-	-	-	167,957	(15,000)	152,957
Total liabilities	15,279,560	173,746	-	781,201,792	(108,207,771)	688,447,327
Net assets:						
Without donor restrictions - controlling	111,408,813	(41,125)	745,086	49,033,756	(111,833,107)	49,313,423
Without donor restrictions - noncontrolling	-	-	-	81,529,487	-	81,529,487
Total net assets without donor restrictions	111,408,813	(41,125)	745,086	130,563,243	(111,833,107)	130,842,910
Net assets with donor restrictions	-	52,523	-	-	-	52,523
Total net assets	111,408,813	11,398	745,086	130,563,243	(111,833,107)	130,895,433
Total liabilities and net assets	\$ 126,688,373	\$ 185,144	\$ 745,086	\$ 911,765,035	\$ (220,040,878)	\$ 819,342,760

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	Without Donor Restrictions				With Donor Restrictions				
	The NHP Foundation	Operation Pathways	Interstate	All Real Estate Entities	Total	Operation Pathways	Total	Consolidation Eliminations	Total
Public support and operating revenue:									
Rent revenue	\$ -	\$ -	\$ -	\$ 72,610,616	\$ 72,610,616	\$ -	\$ -	\$ -	\$ 72,610,616
Developer fee revenue	3,982,002	2,138	-	-	3,984,140	-	-	(260,230)	3,723,910
Contributions and grants	4,712,029	846,481	-	2,125,355	7,683,865	11,500	11,500	(5,542,999)	2,152,366
Management fees	460,162	887,161	60,688	621,026	2,029,037	-	-	(1,576,900)	452,137
Other income (losses) in housing funds	(918,935)	-	-	(361,572)	(1,280,507)	-	-	1,410,140	129,633
Interest revenue	1,081,152	-	-	3,623,990	4,705,142	-	-	(3,526,574)	1,178,568
Other revenue	2,594,845	500,755	1,114	1,915,236	5,011,950	-	-	(66,667)	4,945,283
	11,911,255	2,236,535	61,802	80,534,651	94,744,243	11,500	11,500	(9,563,230)	85,192,513
Net assets released from restrictions	-	10,101	-	-	10,101.00	(10,101)	(10,101)	-	-
Total public support and operating revenue	11,911,255	2,246,636	61,802	80,534,651	94,754,344	1,399	1,399	(9,563,230)	85,192,513
Expenses:									
Program services:									
Rental operations	-	-	-	84,778,339	84,778,339	-	-	(8,345,985)	76,432,354
Acquisition and development	5,038,096	-	-	-	5,038,096	-	-	-	5,038,096
Asset management	1,880,117	-	55,239	-	1,935,356	-	-	-	1,935,356
External affairs	299,603	-	-	-	299,603	-	-	-	299,603
Operation Pathways	(343)	1,218,476	-	-	1,218,133	-	-	-	1,218,133
Supporting services:									
Management and general	6,876,560	354,704	11,024	9,439,413	16,681,701	-	-	(4,077,559)	12,604,142
Fundraising services	696,342	81,079	-	-	777,421	-	-	-	777,421
Total expenses	14,790,375	1,654,259	66,263	94,217,752	110,728,649	-	-	(12,423,544)	98,305,105
Excess of revenue over expenses (expenses over revenue) before other revenue (expense)	(2,879,120)	592,377	(4,461)	(13,683,101)	(15,974,305)	1,399	1,399	2,860,314	(13,112,592)

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
SUPPLEMENTARY INFORMATION - CONTINUED
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended December 31, 2019

	Without Donor Restrictions				With Donor Restrictions		Consolidation Eliminations	Total	
	The NHP Foundation	Operation Pathways	Interstate	All Real Estate Entities	Total	Operation Pathways			Total
Other revenue (expense):									
Gain (loss) on sale of properties	10,313	-	-	-	10,313	-	-	-	10,313
Total other revenue (expense)	10,313	-	-	-	10,313	-	-	-	10,313
Excess of revenue over expenses (expenses over revenue)	(2,868,807)	592,377	(4,461)	(13,683,101)	(15,963,992)	1,399	1,399	2,860,314	(13,102,279)
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	12,901,183	12,901,183	-	-	-	12,901,183
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	<u>\$ (2,868,807)</u>	<u>\$ 592,377</u>	<u>\$ (4,461)</u>	<u>\$ (781,918)</u>	<u>\$ (3,062,809)</u>	<u>\$ 1,399</u>	<u>\$ 1,399</u>	<u>\$ 2,860,314</u>	<u>\$ (201,096)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
SUPPLEMENTARY INFORMATION - CONTINUED
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2019

	Without donor restrictions							With donor restrictions		
	Controlling					Noncontrolling		Controlling	Net Assets	
	The NHP Foundation	Operation Pathways	Interstate	All Real Estate Entities	Consolidated Eliminations	Subtotal	All Real Estate Entities	Total	Operation Pathways	Total
Beginning balance, January 1, 2019	\$ 114,277,620	\$ (633,502)	\$ 749,547	\$ 16,123,042	\$ (78,893,157)	\$ 51,623,550	\$ 42,091,943	\$ 93,715,493	\$ 51,124	\$ 93,766,617
Transfers in	-	-	-	1,518,654	(3,626,286)	(2,107,632)	-	(2,107,632)	-	(2,107,632)
Capital contributions from noncontrolling interests, net of syndication costs	-	-	-	-	-	-	52,338,727	52,338,727	-	52,338,727
Contributions from / (distributions to) controlling interests	-	-	-	32,352,811	(32,352,811)	-	-	-	-	-
Other changes in equity	-	-	-	(178,833)	178,833	-	-	-	-	-
Transfer of net assets	-	-	-	-	-	-	-	-	-	-
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	-	-	-	(12,901,183)	(12,901,183)	-	(12,901,183)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	(2,868,807)	592,377	(4,461)	(781,918)	2,860,314	(202,495)	-	(202,495)	1,399	(201,096)
Ending balance, December 31, 2019	<u>\$ 111,408,813</u>	<u>\$ (41,125)</u>	<u>\$ 745,086</u>	<u>\$ 49,033,756</u>	<u>\$ (111,833,107)</u>	<u>\$ 49,313,423</u>	<u>\$ 81,529,487</u>	<u>\$ 130,842,910</u>	<u>\$ 52,523</u>	<u>\$ 130,895,433</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
SUPPLEMENTARY INFORMATION - CONTINUED
UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SUMMARY

December 31, 2019

	NHPF	Operation Pathways	Interstate	All Real Estate Entities	Elimination Entries	Total
Assets:						
Cash and cash equivalents	\$ 17,205,057	\$ 167,407	\$ 5,294	\$ 11,588,858	\$ -	\$ 28,966,616
Investments - restricted	-	-	-	-	-	-
Investments - unrestricted	-	-	-	-	-	-
Restricted cash	1,242,317	-	-	19,494,337	-	20,736,654
Notes receivable and accrued interest	7,832,793	-	-	88,236,720	(94,488,080)	1,581,433
Grants receivable	-	2,538	-	-	-	2,538
Investments in housing funds	66,485,378	-	5,081	4,509,806	(70,710,510)	289,755
Land, buildings, improvements and equipment, net	345,604	-	-	704,904,202	(36,364,077)	668,885,729
Mortgage escrow and utility deposits	-	-	-	59,813,311	-	59,813,311
Prepaid expenses and other assets	337,529	-	-	5,115,931	-	5,453,460
Replacement reserves	-	-	-	5,903,398	-	5,903,398
Tenants' security deposits	-	-	-	1,752,724	-	1,752,724
Deferred development costs	8,085,403	-	-	-	(245,112)	7,840,291
Deferred other costs, net	-	-	-	4,692,760	(2,080,560)	2,612,200
Management fees receivable	30,000	-	-	683,545	(580,670)	132,875
Advances - current	10,125,945	15,199	734,711	376,587	(10,158,227)	1,094,215
Advances - future developments	-	-	-	-	-	-
Due from affiliates	14,998,347	-	-	4,692,856	(5,413,642)	14,277,561
	<u>\$ 126,688,373</u>	<u>\$ 185,144</u>	<u>\$ 745,086</u>	<u>\$ 911,765,035</u>	<u>\$ (220,040,878)</u>	<u>\$ 819,342,760</u>
Total assets	<u>\$ 126,688,373</u>	<u>\$ 185,144</u>	<u>\$ 745,086</u>	<u>\$ 911,765,035</u>	<u>\$ (220,040,878)</u>	<u>\$ 819,342,760</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SUMMARY - CONTINUED

December 31, 2019

	NHPF	Operation Pathways	Interstate	All Real Estate Entities	Elimination Entries	Total
Liabilities:						
Accounts payable and accrued expenses	\$ 983,683	\$ 150,946	\$ -	\$ 6,659,097	\$ (410,849)	\$ 7,382,877
Other liabilities	9,476,402	22,800	-	11,497,626	(6,356,501)	14,640,327
Tenants' security deposits	-	-	-	1,806,440	-	1,806,440
Mortgage notes payable and accrued interest	-	-	-	492,544,210	58,054,756	550,598,966
Notes and construction loans payable and accrued interest	4,476,622	-	-	240,810,764	(145,379,856)	99,907,530
Accounts payable - affiliates	342,853	-	-	27,715,698	(14,100,321)	13,958,230
Asset management fees payable	-	-	-	167,957	(15,000)	152,957
Total liabilities	15,279,560	173,746	-	781,201,792	(108,207,771)	688,447,327
Net assets:						
Beginning net assets	114,277,620	(582,378)	749,547	58,214,985	(78,893,157)	93,766,617
Transfers in (out)	-	-	-	1,518,654	(3,626,286)	(2,107,632)
Contributions (distributions), net of syndication costs	-	-	-	84,691,538	(32,352,811)	52,338,727
Change in equity	-	-	-	(178,833)	178,833	-
Excess of revenue over expenses (expenses over revenue)	(2,868,807)	593,776	(4,461)	(13,683,101)	2,860,314	(13,102,279)
Total net assets	111,408,813	11,398	745,086	130,563,243	(111,833,107)	130,895,433
Total liabilities and net assets	\$ 126,688,373	\$ 185,144	\$ 745,086	\$ 911,765,035	\$ (220,040,878)	\$ 819,342,760

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
 SUPPLEMENTARY INFORMATION - CONTINUED
 UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES – SUMMARY

Year ended December 31, 2019

	NHPF	Operation Pathways	Interstate	All Real Estate Entities	Elimination Entries	Total
Rent revenue	\$ -	\$ -	\$ -	\$ 72,610,616	\$ -	\$ 72,610,616
Contribution income - affiliates	3,621,305	613,377	-	2,088,867	(5,542,999)	780,550
Contribution income - non-affiliates	1,090,724	244,604	-	36,488	-	1,371,816
Asset management fees	460,162	-	60,688	621,026	(689,739)	452,137
Resident service fees	-	887,161	-	-	(887,161)	-
Developer fee income	3,982,002	2,138	-	-	(260,230)	3,723,910
Interest income	1,081,152	-	-	3,623,990	(3,526,574)	1,178,568
Other revenue	2,594,845	500,755	1,114	1,915,236	(66,667)	4,945,283
Gain (loss) on sale of properties	10,313	-	-	-	-	10,313
Other losses (income) in investment in housing funds	(918,935)	-	-	(361,572)	1,410,140	129,633
Total revenue	11,921,568	2,248,035	61,802	80,534,651	(9,563,230)	85,202,826

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES – SUMMARY - CONTINUED

Year ended December 31, 2019

	NHPF	Operation Pathways	Interstate	Real Estates Entities	Elimination Entries	Total
Salaries and benefits	8,273,503	973,793	-	10,158,025	-	19,405,321
Facilities and maintenance	-	809	-	11,393,969	(66,667)	11,328,111
Interest	-	-	-	23,884,566	(3,411,239)	20,473,327
Utilities	-	-	-	7,260,348	-	7,260,348
Insurance	102,400	-	-	3,071,079	-	3,173,479
Real estate taxes	-	-	-	3,464,007	-	3,464,007
Property management fees	-	-	-	2,954,060	(124,732)	2,829,328
Asset management fees	-	-	-	307,198	(233,126)	74,072
Accounting expense	95,800	13,700	-	419,297	-	528,797
Legal	213,249	12,154	-	586,637	-	812,040
Management and administration	2,300,511	513,815	11,024	5,641,819	(235,502)	8,231,667
Consulting expense	760,197	20,285	-	174,867	-	955,349
Marketing	113,800	5,703	-	264,093	-	383,596
Travel	748,937	114,000	-	40,582	-	903,519
Bad debt expense	838,308	-	-	950,757	(81,776)	1,707,289
Directors fee expense	-	-	-	-	-	-
Resident service fees	887,161	-	-	-	(887,161)	-
Contributions expense	316,814	-	55,239	4,446,386	(4,446,072)	372,367
Other financial expense	-	-	-	2,606,040	(226,843)	2,379,197
Depreciation	139,695	-	-	16,435,492	(2,703,931)	13,871,256
Amortization	-	-	-	158,530	(6,495)	152,035
Total expense	14,790,375	1,654,259	66,263	94,217,752	(12,423,544)	98,305,105
Excess of expense over revenue (expenses over revenue)	(2,868,807)	593,776	(4,461)	(13,683,101)	2,860,314	(13,102,279)
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	12,901,183	-	12,901,183
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	<u>\$ (2,868,807)</u>	<u>\$ 593,776</u>	<u>\$ (4,461)</u>	<u>\$ (781,918)</u>	<u>\$ 2,860,314</u>	<u>\$ (201,096)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - REAL ESTATE ENTITIES

December 31, 2019

	ACT LaSalle	Alexander House	Anacostia Garden	Clipper Cove	Columbia Heights Village	Falls Church
Assets:						
Cash and cash equivalents	\$ 8,523	\$ 350	\$ 45,314	\$ 77,922	\$ 1,336,382	\$ 2,951,662
Restricted cash	-	-	-	-	-	-
Investments - unrestricted	-	-	-	-	-	-
Notes receivable and accrued interest	-	-	-	-	-	1,224,860
Investments in housing funds	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	1,620,682	5,784,017	8,512,219	6,935,865	31,096,031	3,909,456
Mortgage escrow and utility deposits	13,595	38,888	99,314	690,536	1,961,590	133,775
Prepaid expenses and other assets	8,440	76,380	55,362	226,674	510,501	16,106
Replacement reserves	146,255	-	-	-	-	64,148
Tenants' security deposits	16,650	19,175	-	45,157	124,220	44,120
Deferred other costs, net	-	-	-	-	19,902	-
Due from affiliates	166	-	-	-	-	-
Total assets	\$ 1,814,311	\$ 5,918,810	\$ 8,712,209	\$ 7,976,154	\$ 35,048,626	\$ 8,344,127
Liabilities:						
Accounts payable and accrued expenses	\$ 26,417	\$ 46,101	\$ 375,514	\$ 46,068	\$ 453,250	\$ 71,619
Other liabilities	3,049	4,464	13,935	6,799	2,764	2,935
Tenants' security deposits	15,610	18,088	57,125	69,667	122,465	44,120
Mortgage notes payable and accrued interest	1,762,076	5,700,000	9,479,090	23,611,797	87,392,303	7,249,678
Notes and construction loans payable and accrued interest	-	808,708	379,755	1,436,438	-	-
Accounts payable - affiliates	3,000	740,763	-	-	20,830	24,367
Asset management fees payable	-	-	-	-	-	-
Total liabilities	1,810,152	7,318,124	10,305,419	25,170,769	87,991,612	7,392,719

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - REAL ESTATE ENTITIES - CONTINUED

December 31, 2019

	<u>ACT LaSalle</u>	<u>Alexander House</u>	<u>Anacostia Garden</u>	<u>Clipper Cove</u>	<u>Columbia Heights Village</u>	<u>Falls Church</u>
Net assets:						
Beginning net assets (GP)	107,284	(954,839)	(966,149)	(16,629,357)	(27,656,926)	1,201,635
Beginning net assets (LP)	-	-	-	(940,520)	(24,173,273)	-
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	(1,994,076)	-
Contribution/distribution (LP)	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(103,125)	(444,475)	(627,061)	375,262	881,289	(250,227)
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending net asset (GP)	4,159	(1,399,314)	(1,593,210)	(16,254,095)	(28,769,713)	951,408
Ending net asset (LP)	-	-	-	(940,520)	(24,173,273)	-
Total net assets	<u>4,159</u>	<u>(1,399,314)</u>	<u>(1,593,210)</u>	<u>(17,194,615)</u>	<u>(52,942,986)</u>	<u>951,408</u>
Total liabilities and net assets	<u>\$ 1,814,311</u>	<u>\$ 5,918,810</u>	<u>\$ 8,712,209</u>	<u>\$ 7,976,154</u>	<u>\$ 35,048,626</u>	<u>\$ 8,344,127</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - REAL ESTATE ENTITIES - CONTINUED

December 31, 2019

	<u>Mark Twain NHPF</u>	<u>Nannie Helen Owner Strand</u>	<u>New Covent</u>	<u>New Mark Twain</u>	<u>Princess Anne Owner</u>	<u>Takoma Place</u>	<u>Pines at Carolina</u>	<u>Berry Manor Owner, LP</u>
Assets:								
Cash and cash equivalents	\$ 76,452	\$ 30	\$ 32,082	\$ -	\$ 34,225	\$ 79,516	\$ 266,590	\$ 133,749
Restricted cash	-	19,494,337	-	-	-	-	-	-
Investments - unrestricted	-	-	-	-	-	-	-	-
Notes receivable and accrued interest	-	-	-	-	-	-	-	-
Investments in housing funds	-	-	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	45,911,689	10,138,021	7,060,473	-	8,574,672	24,251,303	17,116,961	4,917,073
Mortgage escrow and utility deposits	28,119,827	-	27,400	-	55,226	8,710,733	70,868	201,811
Prepaid expenses and other assets	68,565	24,029	28,033	-	233,128	138,885	100,994	32,893
Replacement reserves	-	-	106,947	-	-	-	94,315	799,355
Tenants' security deposits	18,853	-	7,791	-	33,143	47,479	-	12,365
Deferred other costs, net	67,788	95,449	-	-	98,975	100,657	-	-
Due from affiliates	-	-	-	-	-	-	6,761	-
Total assets	\$ 74,263,174	\$ 29,751,866	\$ 7,262,726	\$ -	\$ 9,029,369	\$ 33,328,573	\$ 17,656,489	\$ 6,097,246
Liabilities:								
Accounts payable and accrued expenses	\$ 139,685	\$ 875,951	\$ 51,536	\$ -	\$ 275,295	212,167	\$ 47,828	\$ 7,650
Other liabilities	2,613,156	-	-	-	44,659	1,623,832	96,999	-
Tenants' security deposits	16,135	-	3,000	-	37,561	45,893	605	12,365
Mortgage notes payable and accrued interest	27,152,047	-	7,359,600	-	9,445,730	-	146,274	(305,190)
Notes and construction loans payable and accrued interest	33,644,133	27,256,141	-	-	-	30,517,955	17,706,973	4,515,000
Accounts payable - affiliates	2,791,529	119,774	780,381	-	121,142	1,526,206	2,682	-
Asset management fees payable	-	-	-	-	-	-	-	-
Total liabilities	66,356,685	28,251,866	8,194,517	-	9,924,387	33,926,053	18,001,361	4,229,825

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - REAL ESTATE ENTITIES - CONTINUED

December 31, 2019

	Mark Twain NHPF	Nannie Helen Owner Strand	New Covent	New Mark Twain	Princess Anne Owner	Takoma Place	Pines at Carolina	Berry Manor Owner, LP
Net assets:								
Beginning net assets (GP)	(4,710,632)	(79,797)	(379,738)	115,032	(360,260)	(870,412)	(323,962)	-
Beginning net assets (LP)	3,502,348	(88,196)	-	-	-	1,637,075	-	-
Transfers in (out) (GP)	1,633,686	-	-	(115,032)	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	-	-	-	1,821,758
Contribution/distribution (LP)	8,122,984	1,500,000	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(64)	79,797	(552,053)	-	(534,758)	(137)	(20,910)	45,663
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	(641,833)	88,196	-	-	-	(1,364,006)	-	-
Ending net asset (GP)	(3,077,010)	-	(931,791)	-	(895,018)	(870,549)	(344,872)	1,867,421
Ending net asset (LP)	10,983,499	1,500,000	-	-	-	273,069	-	-
Total net assets	7,906,489	1,500,000	(931,791)	-	(895,018)	(597,480)	(344,872)	1,867,421
Total liabilities and net assets	\$ 74,263,174	\$ 29,751,866	\$ 7,262,726	\$ -	\$ 9,029,369	\$ 33,328,573	\$ 17,656,489	\$ 6,097,246

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - REAL ESTATE ENTITIES - CONTINUED

December 31, 2019

	1255 North Post Oak	1330 North Post Oak	Ridgecrest Court Investor LLC	Center City Urban Renewal - Belmont	Irvine Turner Urban Renewal - Belmont	Total
Assets:						
Cash and cash equivalents	\$ 40,547	\$ 27,251	\$ 914,448	\$ 30,637	\$ 29,280	\$ 6,084,960
Restricted cash	-	-	-	-	-	19,494,337
Investments - unrestricted	-	-	-	-	-	-
Notes receivable and accrued interest	-	-	-	-	-	1,224,860
Investments in housing funds	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	61,050,000	42,978,000	28,710,081	3,943,972	7,264,610	319,775,125
Mortgage escrow and utility deposits	-	-	928,597	1,025,823	2,417,732	44,495,715
Prepaid expenses and other assets	278,375	203,124	292,077	66,497	117,268	2,477,331
Replacement reserves	-	-	149,600	124,445	342,849	1,827,914
Tenants' security deposits	-	-	263,523	11,687	23,507	667,670
Deferred other costs, net	-	-	-	16,873	32,371	432,015
Due from affiliates	-	-	-	-	-	6,927
Total assets	\$ 61,368,922	\$ 43,208,375	\$ 31,258,326	\$ 5,219,934	\$ 10,227,617	\$ 396,486,854
Liabilities:						
Accounts payable and accrued expenses	\$ 5,187	\$ 3,540	\$ 116,622	\$ 111,832	\$ 272,757	\$ 3,139,019
Other liabilities	147,264	110,360	134,222	18,800	39,191	4,862,429
Tenants' security deposits	-	-	264,124	10,093	20,948	737,799
Mortgage notes payable and accrued interest	46,558,131	32,711,156	30,902,980	4,328,009	8,584,369	302,078,050
Notes and construction loans payable and accrued interest	-	-	-	-	-	116,265,103
Accounts payable - affiliates	-	-	41,572	917	918	6,174,081
Asset management fees payable	-	-	-	-	-	-
Total liabilities	46,710,582	32,825,056	31,459,520	4,469,651	8,918,183	433,256,481

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - REAL ESTATE ENTITIES - CONTINUED

December 31, 2019

	1255 North Post Oak	1330 North Post Oak	Ridgecrest Court Investor LLC	Center City Urban Renewal - Belmont	Irvine Turner Urban Renewal - Belmont	Total
Net assets:						
Beginning net assets (GP)	-	-	-	-	-	(51,508,121)
Beginning net assets (LP)	-	-	-	-	-	(20,062,566)
Transfers in (out) (GP)	-	-	-	-	-	1,518,654
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	14,521,163	10,287,437	-	822,865	1,488,066	26,947,213
Contribution/distribution (LP)	100	100	-	-	-	9,623,184
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	137,063	95,772	(201,194)	(72,582)	(178,632)	(1,370,372)
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	14	10	-	-	-	(1,917,619)
Ending net asset (GP)	14,658,226	10,383,209	(201,194)	750,283	1,309,434	(24,412,626)
Ending net asset (LP)	114	110	-	-	-	(12,357,001)
Total net assets	<u>14,658,340</u>	<u>10,383,319</u>	<u>(201,194)</u>	<u>750,283</u>	<u>1,309,434</u>	<u>(36,769,627)</u>
Total liabilities and net assets	<u>\$ 61,368,922</u>	<u>\$ 43,208,375</u>	<u>\$ 31,258,326</u>	<u>\$ 5,219,934</u>	<u>\$ 10,227,617</u>	<u>\$ 396,486,854</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - REAL ESTATE ENTITIES

Year ended December 31, 2019

	ACT LaSalle	Alexander House	Anacostia Garden	Clipper Cove	Columbia Heights Village	Falls Church
Rent revenue	\$ 375,196	\$ 850,045	\$ 1,091,596	\$ 4,748,902	\$ 11,948,975	\$ 1,323,360
Contribution income - non-affiliates	-	-	-	-	-	36,488
Interest income	200	445	507	-	14,569	148,278
Other revenue	1,965	35,515	14,524	242,090	88,166	25,426
Total revenue	377,361	886,005	1,106,627	4,990,992	12,051,710	1,533,552
Salaries and benefits	85,598	173,998	284,230	537,364	943,458	740,434
Facilities and maintenance	135,578	198,088	169,887	429,474	2,043,456	226,628
Interest	61,884	453,083	557,534	1,211,488	3,918,191	352,914
Utilities	30,329	93,959	210,042	331,707	638,481	114,044
Insurance	18,000	36,106	38,251	471,592	199,012	29,807
Real estate taxes	-	98,454	69,837	249,057	-	9,650
Property management fees	28,800	51,300	59,400	169,704	350,100	47,709
Asset management fees	1,854	-	-	60,688	-	65,000
Accounting expense	21,224	12,300	14,864	24,000	14,260	9,057
Legal	527	2,207	13,115	9,100	82,187	735
Management and administration	43,671	62,222	35,964	278,195	338,584	43,915
Consulting expense	-	-	6,449	-	21,069	-
Marketing	1,196	617	1,996	13,384	12,103	13,691
Bad debt expense	131	4,222	49,058	42,372	162,713	-
Travel	-	756	1,024	166	22,193	100
Depreciation	50,446	142,965	163,451	781,344	1,149,382	130,095
Amortization	1,248	-	-	-	4,598	-
Other financial expense and acquisition fee	-	203	58,586	6,095	1,270,634	-
Total expense	480,486	1,330,480	1,733,688	4,615,730	11,170,421	1,783,779
Excess of (expense over revenue) revenue over expense	(103,125)	(444,475)	(627,061)	375,262	881,289	(250,227)
Excess of (expenses over revenue) revenue over expenses attributable to noncontrolling interests	-	-	-	-	-	-
Excess of (expenses over revenue) revenue over expenses attributable to the Organization	\$ (103,125)	\$ (444,475)	\$ (627,061)	\$ 375,262	\$ 881,289	\$ (250,227)

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - REAL ESTATE ENTITIES - CONTINUED

Year ended December 31, 2019

	Mark Twain NHPF	Nannie Helen Owner Strand	New Covent	New Mark Twain	Princess Anne Owner	Takoma Place	Pines at Carolina	Berry Manor Owner, LP
Rent revenue	\$ 459,956	\$ -	\$ 456,891	\$ -	\$ 1,451,531	\$ 1,140,663	\$ 2,084,531	\$ 192,687
Contribution income - non-affiliates	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	849	75,500	-	265
Other revenue	69,014	167,993	440	-	42,360	9,923	24,417	223
Total revenue	528,970	167,993	457,331	-	1,494,740	1,226,086	2,108,948	193,175
Salaries and benefits	47,801	-	219,338	-	272,669	269,086	257,661	18,977
Facilities and maintenance	4,597	-	161,145	-	207,048	85,196	250,501	24,346
Interest	456,465	-	358,745	-	634,037	924,369	766,403	32,631
Utilities	13,955	-	28,405	-	248,341	292,918	104,438	13,995
Insurance	-	-	-	-	66,731	19,962	76,000	16,180
Real estate taxes	37,370	-	41,200	-	114,690	-	-	-
Property management fees	-	-	23,072	-	63,544	96,230	81,152	3,815
Asset management fees	39,783	-	-	-	-	-	-	-
Accounting expense	14,413	-	12,448	-	15,680	17,740	13,344	-
Legal	9,965	-	12,966	-	33,370	28,578	11,509	-
Management and administration	107,513	-	18,978	-	75,361	521,180	67,026	9,591
Consulting expense	8,341	-	14,545	-	1,862	-	-	1,750
Marketing	1,078	-	-	-	5,915	2,768	8,308	-
Bad debt expense	-	-	7,991	-	93,078	-	44,230	-
Travel	-	-	-	-	-	1,867	-	-
Depreciation	440,737	-	61,352	-	195,714	253,427	439,286	26,227
Amortization	-	-	-	-	-	7,190	-	-
Other financial expense and acquisition fee	(11,151)	-	49,199	-	1,458	69,718	10,000	-
Total expense	1,170,867	-	1,009,384	-	2,029,498	2,590,229	2,129,858	147,512
Excess of (expense over revenue) revenue over expense	(641,897)	167,993	(552,053)	-	(534,758)	(1,364,143)	(20,910)	45,663
Excess of (expenses over revenue) revenue over expenses attributable to noncontrolling interests	641,833	(88,196)	-	-	-	1,364,006	-	-
Excess of (expenses over revenue) revenue over expenses attributable to the Organization	\$ (64)	\$ 79,797	\$ (552,053)	\$ -	\$ (534,758)	\$ (137)	\$ (20,910)	\$ 45,663

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - REAL ESTATE ENTITIES - CONTINUED

Year ended December 31, 2019

	1255 North Post Oak	1330 North Post Oak	Ridgecrest Court Investor LLC	Center City Urban Renewal - Belmont	Irvine Turner Urban Renewal - Belmont	Total
Rent revenue	\$ 187,569	\$ 132,572	\$ 3,864,853	\$ 586,570	\$ 1,111,467	\$ 32,007,364
Contribution income - non-affiliates	-	-	-	-	-	36,488
Interest income	-	-	11,480	1,459	3,586	257,138
Other revenue	730	1,276	56,687	4,345	26,223	811,317
Total revenue	188,299	133,848	3,933,020	592,374	1,141,276	33,112,307
Salaries and benefits	366	-	489,810	70,996	181,275	4,593,061
Facilities and maintenance	5,292	3,544	647,142	148,608	373,326	5,113,856
Interest	-	-	1,519,370	140,784	278,863	11,666,761
Utilities	-	-	515,790	68,146	149,878	2,854,428
Insurance	1	-	90,076	52,386	90,172	1,204,276
Real estate taxes	-	-	893	45,662	-	666,813
Property management fees	-	-	153,092	22,251	42,704	1,192,873
Asset management fees	4,865	3,300	-	-	-	175,490
Accounting expense	-	-	-	-	-	169,330
Legal	-	-	20,225	650	563	225,697
Management and administration	9,382	7,689	58,541	39,283	85,903	1,802,998
Consulting expense	-	-	7,788	-	560	62,364
Marketing	-	-	7,792	628	2,095	71,571
Bad debt expense	1,922	2,840	88,734	8,286	-	505,577
Travel	-	-	-	-	-	26,106
Depreciation	-	-	534,961	60,870	107,995	4,538,252
Amortization	-	-	-	-	-	13,036
Other financial expense and acquisition fee	29,394	20,693	-	6,406	6,574	1,517,809
Total expense	51,222	38,066	4,134,214	664,956	1,319,908	36,400,298
Excess of (expense over revenue) revenue over expense	137,077	95,782	(201,194)	(72,582)	(178,632)	(3,287,991)
Excess of (expenses over revenue) revenue over expenses attributable to noncontrolling interests	(14)	(10)	-	-	-	1,917,619
Excess of (expenses over revenue) revenue over expenses attributable to the Organization	\$ 137,063	\$ 95,772	\$ (201,194)	\$ (72,582)	\$ (178,632)	\$ (1,370,372)

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION – TAX CREDIT ENTITIES

December 31, 2019

	Alabama Ave. (Roundtree)	Bayview Preservation	Benning Heights Investor	Bolton North	Cleme Manor	Foxwood Preservation
Assets:						
Cash and cash equivalents	\$ 325,730	\$ 688,627	\$ 39,054	\$ 438,760	\$ 68,207	\$ 101,453
Land, buildings, improvements and equipment, net	11,136,899	27,588,797	29,478,126	28,528,894	36,156,108	23,514,901
Mortgage escrow and utility deposits	843,094	1,925,167	611,265	1,354,116	947,972	962,169
Prepaid expenses and other assets	23,335	143,988	87,344	57,527	389,616	174,486
Replacement reserves	-	703,455	426,656	162,513	136,161	259,955
Tenants' security deposits	50,340	162,134	31,546	66,692	47,273	103,452
Deferred other costs, net	29,892	40,107	87,031	177,127	76,946	50,414
Due from affiliates	-	-	-	-	-	-
Contributions receivable	-	-	-	-	-	-
Total assets	\$ 12,409,290	\$ 31,252,275	\$ 30,761,022	\$ 30,785,629	\$ 37,822,283	\$ 25,166,830
Liabilities:						
Accounts payable and accrued expenses	\$ 45,128	\$ 129,918	\$ 114,348	\$ 137,113	\$ 1,468,784	\$ 126,812
Other liabilities	4,255	36,160	28,596	27,130	64,997	1,581,964
Tenants' security deposits	48,704	159,480	29,908	65,640	47,223	101,894
Mortgage notes payable and accrued interest	(136,576)	14,936,183	-	23,168,364	16,399,832	10,394,694
Notes and construction loans payable and accrued interest	10,173,104	10,959,981	21,645,294	523,608	4,761,575	20,307,293
Accounts payable - affiliates	7,500	3,528	544,631	3,175,222	5,693,290	414,115
Asset management fees payable	30,000	-	-	-	-	100,000
Total liabilities	10,172,115	26,225,250	22,362,777	27,097,077	28,435,701	33,026,772

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION – TAX CREDIT ENTITIES - CONTINUED

December 31, 2019

	Alabama Ave. (Roundtree)	Bayview Preservation	Benning Heights Investor	Bolton North	Cleme Manor	Foxwood Preservation
Net assets:						
Beginning net assets (GP)	(176)	(125)	256,448	(3,148,795)	(851,739)	(1,241)
Beginning net assets (SLP)	(280)	10	-	(594,442)	-	(1,341)
Beginning net assets (LP)	2,464,787	5,422,258	4,409,266	(1,726,312)	11,502,499	(6,273,851)
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (SLP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	-	-
Contribution/distribution (SLP)	-	-	-	-	-	-
Contribution/distribution (LP)	-	-	4,701,672	9,683,714	-	(242,809)
Changes in Equity (GP)	-	-	-	-	-	-
Excess of expenses over revenue attributable to the Organization (GP)	(22)	(40)	(97)	(53)	(126)	(134)
Excess of expense over revenue attributable to noncontrolling interests (SLP)	(23)	-	-	-	-	(134)
Excess of expenses over revenue attributable to noncontrolling interests (LP)	(227,111)	(395,078)	(969,044)	(525,560)	(1,264,052)	(1,340,432)
Ending net asset (GP)	(198)	(165)	256,351	(3,148,848)	(851,865)	(1,375)
Ending net asset (SLP)	(303)	10	-	(594,442)	-	(1,475)
Ending net asset (LP)	2,237,676	5,027,180	8,141,894	7,431,842	10,238,447	(7,857,092)
Total net assets	2,237,175	5,027,025	8,398,245	3,688,552	9,386,582	(7,859,942)
Total liabilities and net assets	\$ 12,409,290	\$ 31,252,275	\$ 30,761,022	\$ 30,785,629	\$ 37,822,283	\$ 25,166,830

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - TAX CREDIT ENTITIES - CONTINUED

December 31, 2019

	Harvest Homes	Hollybush Preservation	Orange Preservation	Pepper Tree	Plaza B II	Forest Park
Assets:						
Cash and cash equivalents	\$ 44,522	\$ 769,593	\$ 336,438	\$ 207,970	\$ 387,883	\$ 332,152
Land, buildings, improvements and equipment, net	12,808,643	23,267,796	31,432,820	11,210,584	20,444,921	11,391,387
Mortgage escrow and utility deposits	179,891	949,529	1,518,399	279,591	852,895	380,677
Prepaid expenses and other assets	15,347	149,267	172,327	51,610	196,330	111,810
Replacement reserves	81,998	306,403	350,451	142,002	187,789	156,361
Tenants' security deposits	30,138	83,813	118,593	4,086	27,351	74,950
Deferred other costs, net	53,802	99,109	73,009	4,797	29,232	13,886
Due from affiliates	-	-	-	-	141,257	-
Contributions receivable	-	-	-	-	-	-
Total assets	<u>\$ 13,214,341</u>	<u>\$ 25,625,510</u>	<u>\$ 34,002,037</u>	<u>\$ 11,900,640</u>	<u>\$ 22,267,658</u>	<u>\$ 12,461,223</u>
Liabilities:						
Accounts payable and accrued expenses	\$ 125,986	\$ 92,370	\$ 201,554	\$ 156,243	\$ 94,302	\$ 80,210
Other liabilities	-	44,237	21,140	3,708	11,626	37,659
Tenants' security deposits	29,333	77,285	117,365	4,086	27,351	75,450
Mortgage notes payable and accrued interest	1,788,846	13,525,675	16,571,548	6,546,044	7,339,912	4,603,410
Notes and construction loans payable and accrued interest	251,165	5,730,512	22,484,996	-	7,481,953	2,572,844
Accounts payable - affiliates	159,016	1,851	9,833	390,454	2,346,881	1,222,225
Asset management fees payable	-	5,000	5,000	20,000	-	-
Total liabilities	<u>2,354,346</u>	<u>19,476,930</u>	<u>39,411,436</u>	<u>7,120,535</u>	<u>17,302,025</u>	<u>8,591,798</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - TAX CREDIT ENTITIES - CONTINUED

December 31, 2019

	Harvest Homes	Hollybush Preservation	Orange Preservation	Pepper Tree	Plaza B II	Forest Park
Net assets:						
Beginning net assets (GP)	409,878	54	(919)	(64,771)	(141)	(594)
Beginning net assets (SLP)	-	(48)	(1,023)	-	-	10
Beginning net assets (LP)	10,921,849	6,538,296	(4,134,884)	4,832,654	5,431,904	4,130,573
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (SLP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	(11,363)	-	-
Contribution/distribution (SLP)	-	-	-	-	-	-
Contribution/distribution (LP)	-	-	-	-	-	(6,173)
Changes in Equity (GP)	-	-	-	-	-	-
Excess of expenses over revenue attributable to the Organization (GP)	(47)	(39)	(128)	2	(47)	(25)
Excess of expense over revenue attributable to noncontrolling interests (SLP)	-	(39)	(127)	-	-	-
Excess of expenses over revenue attributable to noncontrolling interests (LP)	(471,685)	(389,644)	(1,272,318)	23,583	(466,083)	(254,366)
Ending net asset (GP)	409,831	15	(1,047)	(76,132)	(188)	(619)
Ending net asset (SLP)	-	(87)	(1,150)	-	-	10
Ending net asset (LP)	10,450,164	6,148,652	(5,407,202)	4,856,237	4,965,821	3,870,034
Total net assets	10,859,995	6,148,580	(5,409,399)	4,780,105	4,965,633	3,869,425
Total liabilities and net assets	\$ 13,214,341	\$ 25,625,510	\$ 34,002,037	\$ 11,900,640	\$ 22,267,658	\$ 12,461,223

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - TAX CREDIT ENTITIES - CONTINUED

December 31, 2019

	Walnut Square	Ships Cove Preservation	St. Luke's Preservation	Wade Road Parkchester	Woodmont Crossing	Total
Assets:						
Cash and cash equivalents	\$ 454,832	\$ 1,000	\$ 108,507	\$ 402,751	\$ 297,676	\$ 5,005,155
Land, buildings, improvements and equipment, net	27,285,946	12,781,995	16,281,490	20,217,723	38,737,126	382,264,156
Mortgage escrow and utility deposits	794,364	882,294	1,074,207	754,935	1,007,031	15,317,596
Prepaid expenses and other assets	192,560	522,527	141,256	106,590	88,663	2,624,583
Replacement reserves	315,908	438,713	308,126	36,366	62,627	4,075,484
Tenants' security deposits	84,145	51,984	40,128	17,415	91,014	1,085,054
Deferred other costs, net	24,454	148,073	1,108,234	47,604	119,163	2,182,880
Due from affiliates	-	-	-	(11,185)	-	130,072
Contributions receivable	-	-	-	-	-	-
Total assets	\$ 29,152,209	\$ 14,826,586	\$ 19,061,948	\$ 21,572,199	\$ 40,403,300	\$ 412,684,980
Liabilities:						
Accounts payable and accrued expenses	\$ 58,939	\$ 74,188	\$ 54,527	\$ 234,036	\$ 60,356	\$ 3,254,814
Other liabilities	6,088	9,448	635,084	44,344	111,224	2,667,660
Tenants' security deposits	85,645	51,410	41,729	17,215	88,923	1,068,641
Mortgage notes payable and accrued interest	22,137,984	10,009,531	3,546,366	14,801,191	24,833,156	190,466,160
Notes and construction loans payable and accrued interest	3,327,271	-	8,888,064	-	-	119,107,660
Accounts payable - affiliates	747,312	1,605	748,931	-	5,445,821	20,912,215
Asset management fees payable	-	7,957	-	-	-	167,957
Total liabilities	26,363,239	10,154,139	13,914,701	15,096,786	30,539,480	337,645,107

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - TAX CREDIT ENTITIES - CONTINUED

December 31, 2019

	Walnut Square	Ships Cove Preservation	St. Luke's Preservation	Wade Road Parkchester	Woodmont Crossing	Total
Net assets:						
Beginning net assets (GP)	(892)	(2,862,253)	(369,016)	(75,848)	80	(6,710,050)
Beginning net assets (SLP)	(891)	(7)	(513)	-	-	(598,525)
Beginning net assets (LP)	3,869,833	7,473,002	6,681,437	6,995,078	7,589,681	76,128,070
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (SLP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	(1,330)	-	-	(8,905)	-	(21,598)
Contribution/distribution (SLP)	-	-	-	-	-	-
Contribution/distribution (LP)	-	570,115	-	267,433	2,988,967	17,962,919
Changes in Equity (GP)	-	(178,833)	-	-	-	(178,833)
Excess of expenses over revenue attributable to the Organization (GP)	(107)	(30)	(182,725)	(70)	(54)	(183,742)
Excess of expense over revenue attributable to noncontrolling interests (SLP)	(108)	(3)	(87)	-	(2)	(523)
Excess of expenses over revenue attributable to noncontrolling interests (LP)	(1,077,535)	(329,544)	(981,849)	(702,275)	(714,852)	(11,357,845)
Ending net asset (GP)	(2,329)	(3,041,116)	(551,741)	(84,823)	26	(7,094,223)
Ending net asset (SLP)	(999)	(10)	(600)	-	(2)	(599,048)
Ending net asset (LP)	2,792,298	7,713,573	5,699,588	6,560,236	9,863,796	82,733,144
Total net assets	2,788,970	4,672,447	5,147,247	6,475,413	9,863,820	75,039,873
Total liabilities and net assets	\$ 29,152,209	\$ 14,826,586	\$ 19,061,948	\$ 21,572,199	\$ 40,403,300	\$ 412,684,980

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - TAX CREDIT ENTITIES

Year ended December 31, 2019

	Alabama Ave. (Roundtree)	Bayview Preservation	Benning Heights Investor	Bolton North	Cleme Manor	Foxwood Preservation
Rent revenue	\$ 1,047,720	\$ 3,814,508	\$ 2,221,168	\$ 3,198,330	\$ 2,700,682	\$ 2,838,712
Interest income	1,931	21,984	28,857	7,699	60	1,156
Other revenue	51,546	41,899	56,631	67,594	54,814	141,518
Total revenue	<u>1,101,197</u>	<u>3,878,391</u>	<u>2,306,656</u>	<u>3,273,623</u>	<u>2,755,556</u>	<u>2,981,386</u>
Salaries and benefits	232,324	403,357	386,401	165,447	302,493	414,863
Facilities and maintenance	165,273	600,493	414,195	363,540	340,714	671,000
Interest	184,243	1,227,873	960,227	1,207,164	732,684	1,282,111
Utilities	78,902	423,908	324,167	420,232	308,606	238,333
Insurance	47,333	111,500	47,908	40,106	237,323	122,981
Real estate taxes	-	367,371	-	149,589	269,523	271,374
Property management fees	83,965	152,270	96,646	110,352	163,394	144,487
Asset management fees	7,500	-	-	-	-	5,000
Accounting expense	14,200	20,275	20,378	-	16,250	9,800
Legal	658	12,553	12,293	9,898	16,468	16,692
Management and administration	166,725	205,429	179,160	183,246	143,943	307,804
Consulting expense	5,146	-	6,699	-	1,025	594
Marketing	8,263	12,449	5,128	7,956	4,354	12,788
Travel	-	-	-	-	-	6,834
Bad debt expense	13,312	24,530	17,666	2,587	-	35,900
Other financial expense and acquisition fee	-	-	260	314,059	359,074	-
Depreciation	316,811	707,388	797,522	815,220	1,117,861	772,045
Amortization	3,698	4,113	7,147	9,840	6,022	9,480
Total expense	<u>1,328,353</u>	<u>4,273,509</u>	<u>3,275,797</u>	<u>3,799,236</u>	<u>4,019,734</u>	<u>4,322,086</u>
Excess of (expenses over revenue) revenue over expense	(227,156)	(395,118)	(969,141)	(525,613)	(1,264,178)	(1,340,700)
Excess of expenses over revenue attributable to noncontrolling interests	<u>227,134</u>	<u>395,078</u>	<u>969,044</u>	<u>525,560</u>	<u>1,264,052</u>	<u>1,340,566</u>
Excess of expenses over revenue attributable to the Organization	<u>\$ (22)</u>	<u>\$ (40)</u>	<u>\$ (97)</u>	<u>\$ (53)</u>	<u>\$ (126)</u>	<u>\$ (134)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - TAX CREDIT ENTITIES - CONTINUED

Year ended December 31, 2019

	Harvest Homes	Hollybush Preservation	Orange Preservation	Pepper Tree	Plaza B II	Forest Park
Rent revenue	\$ 356,149	\$ 3,236,860	\$ 3,624,127	\$ 2,023,875	\$ 2,218,212	\$ 2,597,073
Interest income	3,515	569	626	2,332	8,570	526
Other revenue	3,756	40,568	44,036	(11,819)	5,398	62,429
Total revenue	363,420	3,277,997	3,668,789	2,014,388	2,232,180	2,660,028
Salaries and benefits	72,987	490,820	457,947	347,560	377,837	293,082
Facilities and maintenance	46,216	425,682	581,620	335,851	129,159	455,942
Interest	132,343	732,228	1,309,789	200,162	752,669	361,195
Utilities	51,992	264,498	235,967	188,725	309,516	342,507
Insurance	21,677	90,768	190,581	90,933	58,916	256,723
Real estate taxes	35,326	335,831	543,302	152,819	181,493	132,564
Property management fees	20,924	134,987	156,027	103,199	60,552	104,561
Asset management fees	19,901	5,000	5,000	20,000	7,500	-
Accounting expense	14,525	17,976	7,000	13,207	25,504	5,100
Legal	5,666	19,900	38,665	4,874	-	-
Management and administration	19,070	383,738	503,867	123,335	90,859	190,256
Consulting expense	1,568	9,733	9,245	9,750	5,077	25,760
Marketing	58	11,793	8,412	27,988	-	34,623
Travel	-	5,552	1,418	-	-	-
Bad debt expense	7,950	55,738	10,030	-	48,062	11,910
Other financial expense and acquisition fee	-	-	-	-	7,917	-
Depreciation	380,466	673,961	872,936	370,823	640,296	695,811
Amortization	4,483	9,514	9,556	1,577	2,953	4,385
Total expense	835,152	3,667,719	4,941,362	1,990,803	2,698,310	2,914,419
Excess of (expenses over revenue) revenue over expense	(471,732)	(389,722)	(1,272,573)	23,585	(466,130)	(254,391)
Excess of expenses over revenue attributable to noncontrolling interests	471,685	389,683	1,272,445	(23,583)	466,083	254,366
Excess of expenses over revenue attributable to the Organization	<u>\$ (47)</u>	<u>\$ (39)</u>	<u>\$ (128)</u>	<u>\$ 2</u>	<u>\$ (47)</u>	<u>\$ (25)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - TAX CREDIT ENTITIES - CONTINUED

Year ended December 31, 2019

	Walnut Square	Ships Cove Preservation	St. Luke's Preservation	Wade Road Parkchester	Woodmont Crossing	Total
Rent revenue	\$ 2,172,938	\$ 2,442,713	\$ 1,318,069	\$ 1,513,877	\$ 3,278,239	\$ 40,603,252
Interest income	1,006	15,777	230	4,478	13,641	112,957
Other revenue	33,194	31,397	92,367	13,777	68,927	798,032
Total revenue	<u>2,207,138</u>	<u>2,489,887</u>	<u>1,410,666</u>	<u>1,532,132</u>	<u>3,360,807</u>	<u>41,514,241</u>
Salaries and benefits	250,510	365,265	318,405	228,674	456,992	5,564,964
Facilities and maintenance	589,801	278,048	362,482	396,537	123,560	6,280,113
Interest	429,804	448,061	630,288	483,654	1,143,310	12,217,805
Utilities	245,102	421,054	128,117	134,267	290,027	4,405,920
Insurance	271,333	89,933	74,446	33,819	80,523	1,866,803
Real estate taxes	82,228	210,065	65,709	-	-	2,797,194
Property management fees	87,160	93,862	45,289	78,766	124,746	1,761,187
Asset management fees	-	7,957	7,500	-	46,350	131,708
Accounting expense	5,100	15,038	20,130	13,200	18,550	236,233
Legal	-	35,872	17,005	10,272	62,936	263,752
Management and administration	199,085	190,070	289,251	264,010	394,358	3,834,206
Consulting expense	16,157	-	11,025	-	10,724	112,503
Marketing	12,738	2,874	9,459	434	33,205	192,522
Travel	-	-	24	648	-	14,476
Bad debt expense	5,603	18,221	47,081	34,991	111,599	445,180
Other financial expense and acquisition fee	136,997	-	-	403	73,036	891,746
Depreciation	948,029	632,393	508,065	550,830	1,096,783	11,897,240
Amortization	5,241	10,751	41,051	3,972	9,016	142,799
Total expense	<u>3,284,888</u>	<u>2,819,464</u>	<u>2,575,327</u>	<u>2,234,477</u>	<u>4,075,715</u>	<u>53,056,351</u>
Excess of (expenses over revenue) revenue over expense	(1,077,750)	(329,577)	(1,164,661)	(702,345)	(714,908)	(11,542,110)
Excess of expenses over revenue attributable to noncontrolling interests	<u>1,077,643</u>	<u>329,547</u>	<u>981,936</u>	<u>702,275</u>	<u>714,854</u>	<u>11,358,368</u>
Excess of expenses over revenue attributable to the Organization	<u>\$ (107)</u>	<u>\$ (30)</u>	<u>\$ (182,725)</u>	<u>\$ (70)</u>	<u>\$ (54)</u>	<u>\$ (183,742)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
 SUPPLEMENTARY INFORMATION - CONTINUED
 UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES

December 31, 2019

	<u>Anacostia GP</u>	<u>Bayview GP</u>	<u>Benning Heights GP</u>	<u>Cherry Affordable</u>	<u>Cleme 284 GP</u>	<u>Columbia Apartments</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,040
Notes receivable and accrued interest	-	-	-	22,193	-	-
Asset management and resident service fee receivable	-	-	-	-	105,509	-
Investment in housing funds	(1,534,523)	(165)	256,351	2,165	(851,869)	(50,492,644)
Deferred financing costs, net	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Advances - current	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Total assets	<u>\$ (1,534,523)</u>	<u>\$ (165)</u>	<u>\$ 256,351</u>	<u>\$ 24,358</u>	<u>\$ (746,360)</u>	<u>\$ (50,423,604)</u>
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 2,246	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	-	-	-	-	-
Accounts payable - affiliates	100	1,645	2,386	-	-	72,887
Total liabilities	<u>100</u>	<u>1,645</u>	<u>2,386</u>	<u>2,246</u>	<u>-</u>	<u>72,887</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Anacostia GP</u>	<u>Bayview GP</u>	<u>Benning Heights GP</u>	<u>Cherry Affordable</u>	<u>Cleme 284 GP</u>	<u>Columbia Apartments</u>
Net assets:						
Beginning net assets (GP)	(966,149)	(135)	315,765	77,665	(779,012)	(35,799,695)
Beginning net assets (LP)	-	-	(30)	-	-	(13,388,865)
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	-	(624,362)
Contribution/distribution (LP)	-	-	-	-	-	(1,556,089)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(568,474)	(1,675)	(61,770)	(55,553)	32,652	436,260
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	436,260
Ending net asset (GP)	(1,534,623)	(1,810)	253,995	22,112	(746,360)	(35,987,797)
Ending net asset (LP)	-	-	(30)	-	-	(14,508,694)
Total net assets	<u>(1,534,623)</u>	<u>(1,810)</u>	<u>253,965</u>	<u>22,112</u>	<u>(746,360)</u>	<u>(50,496,491)</u>
Liabilities and net assets	<u>\$ (1,534,523)</u>	<u>\$ (165)</u>	<u>\$ 256,351</u>	<u>\$ 24,358</u>	<u>\$ (746,360)</u>	<u>\$ (50,423,604)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Cornerstone Bayview</u>	<u>Cornerstone St. Luke's</u>	<u>Forest Affordable</u>	<u>Foxwood Affordable</u>	<u>Foxwood GP</u>	<u>Harvest Homes GP</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	10,959,981	7,255,653	944,055	20,307,293	-	-
Asset management and resident service fee receivable	-	-	-	-	100,000	57,980
Investment in housing funds	-	-	-	-	(1,323)	636,228
Deferred financing costs, net	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Advances - current	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Total assets	<u>\$ 10,959,981</u>	<u>\$ 7,255,653</u>	<u>\$ 944,055</u>	<u>\$ 20,307,293</u>	<u>\$ 98,677</u>	<u>\$ 694,208</u>
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	-	-	-	-	-
Accounts payable - affiliates	-	-	-	-	900	900
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900</u>	<u>900</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	Cornerstone Bayview	Cornerstone St. Luke's	Forest Affordable	Foxwood Affordable	Foxwood GP	Harvest Homes GP
Net assets:						
Beginning net assets (GP)	11,036,522	6,965,204	1,448,695	19,481,287	86,476	436,401
Beginning net assets (LP)	-	-	-	-	2,368	11,509
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	-	226,254
Contribution/distribution (LP)	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(76,541)	290,449	(504,640)	826,006	8,933	19,144
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	-
Ending net asset (GP)	10,959,981	7,255,653	944,055	20,307,293	95,409	681,799
Ending net asset (LP)	-	-	-	-	2,368	11,509
Total net assets	10,959,981	7,255,653	944,055	20,307,293	97,777	693,308
Liabilities and net assets	<u>\$ 10,959,981</u>	<u>\$ 7,255,653</u>	<u>\$ 944,055</u>	<u>\$ 20,307,293</u>	<u>\$ 98,677</u>	<u>\$ 694,208</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Hollybush GP</u>	<u>Jamestown Affordable</u>	<u>Mark Twain NHPF Manager</u>	<u>Milliken Affordable</u>	<u>Nannie Helen Manager</u>	<u>Nannie Helen NHPF, LLC</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	-	4,843,882	-	7,724,836	-	-
Asset management and resident service fee receivable	-	-	37,105	-	-	-
Investment in housing funds	15	(789,012)	(67)	-	100	48
Deferred financing costs, net	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Advances - current	-	-	-	-	-	-
Due from affiliates	-	-	100	18,504	100	100
	<u>-</u>	<u>-</u>	<u>100</u>	<u>18,504</u>	<u>100</u>	<u>100</u>
Total assets	<u>\$ 15</u>	<u>\$ 4,054,870</u>	<u>\$ 37,138</u>	<u>\$ 7,743,340</u>	<u>\$ 200</u>	<u>\$ 148</u>
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ 18,167	\$ -	\$ 830	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	4,260,000	-	-	-	-
Accounts payable - affiliates	900	85,718	100	-	100	48
	<u>900</u>	<u>4,363,885</u>	<u>100</u>	<u>830</u>	<u>100</u>	<u>48</u>
Total liabilities	<u>900</u>	<u>4,363,885</u>	<u>100</u>	<u>830</u>	<u>100</u>	<u>48</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Hollybush GP</u>	<u>Jamestown Affordable</u>	<u>Mark Twain NHPF Manager</u>	<u>Milliken Affordable</u>	<u>Nannie Helen Manager</u>	<u>Nannie Helen NHPF, LLC</u>
Net assets:						
Beginning net assets (GP)	(41)	(478,973)	101	7,401,855	(167,893)	(79,697)
Beginning net assets (LP)	(5)	-	-	-	-	-
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	34,379	-	-	-	-
Contribution/distribution (LP)	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(839)	135,579	36,937	340,655	167,993	79,797
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	-
Ending net asset (GP)	(880)	(309,015)	37,038	7,742,510	100	100
Ending net asset (LP)	(5)	-	-	-	-	-
Total net assets	(885)	(309,015)	37,038	7,742,510	100	100
Liabilities and net assets	\$ 15	\$ 4,054,870	\$ 37,138	\$ 7,743,340	\$ 200	\$ 148

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>NDFD I</u>	<u>NDFD II</u>	<u>New Covent Managing Member</u>	<u>NHPF Columbia Investor</u>	<u>NHPF Columbia Manager</u>	<u>NHPF/WH</u>	<u>Berry Manor NHPF, LLC</u>
Assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	-	-	-	-	-	-	-
Asset management and resident service fee receivable	-	-	-	-	-	-	-
Investment in housing funds	(2,957,233)	(5)	-	983,779	34,849,549	(344,872)	100
Deferred financing costs, net	-	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-	-
Advances - current	-	-	-	-	-	-	-
Due from affiliates	27,479	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total assets	<u>\$ (2,929,754)</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 983,779</u>	<u>\$ 34,849,549</u>	<u>\$ (344,872)</u>	<u>\$ 100</u>
Liabilities:							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	-	-	-	-	-	-
Accounts payable - affiliates	145,053	-	-	-	-	-	-
Total liabilities	<u>145,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>NDFD I</u>	<u>NDFD II</u>	<u>New Covent Managing Member</u>	<u>NHPF Columbia Investor</u>	<u>NHPF Columbia Manager</u>	<u>NHPF/WH</u>	<u>Berry Manor NHPF, LLC</u>
Net assets:							
Beginning net assets (GP)	(2,390,022)	48	(7)	983,790	33,819,291	(356,462)	-
Beginning net assets (LP)	-	-	-	-	-	-	-
Transfers in (out) (GP)	-	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-	-
Contribution/distribution (GP)	(714,151)	-	-	-	589,838	-	(8,664)
Contribution/distribution (LP)	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	29,366	(53)	7	(11)	440,420	11,590	8,764
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	-	-
Ending net asset (GP)	(3,074,807)	(5)	-	983,779	34,849,549	(344,872)	100
Ending net asset (LP)	-	-	-	-	-	-	-
Total net assets	<u>(3,074,807)</u>	<u>(5)</u>	<u>-</u>	<u>983,779</u>	<u>34,849,549</u>	<u>(344,872)</u>	<u>100</u>
Liabilities and net assets	<u>\$ (2,929,754)</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 983,779</u>	<u>\$ 34,849,549</u>	<u>\$ (344,872)</u>	<u>\$ 100</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	Orange Affordable	Orange GP	Pepper Tree GP	Plaza B I	Plaza B GP	Preservation Partners
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	22,484,996	-	-	5,560,458	-	-
Asset management and resident service fee receivable	-	-	-	-	85,384	-
Investment in housing funds	-	(1,047)	(76,131)	-	(188)	(619)
Deferred financing costs, net	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	8,727	-	-
Advances - current	-	-	-	-	-	340,194
Due from affiliates	-	-	20,000	222,758	-	-
	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>222,758</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 22,484,996</u>	<u>\$ (1,047)</u>	<u>\$ (56,131)</u>	<u>\$ 5,791,943</u>	<u>\$ 85,196</u>	<u>\$ 339,575</u>
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	-	-	-	-	-
Accounts payable - affiliates	-	900	1,260	250,447	900	-
	<u>-</u>	<u>900</u>	<u>1,260</u>	<u>250,447</u>	<u>900</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>900</u>	<u>1,260</u>	<u>250,447</u>	<u>900</u>	<u>-</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	Orange Affordable	Orange GP	Pepper Tree GP	Plaza B I	Plaza B GP	Preservation Partners
Net assets:						
Beginning net assets (GP)	22,170,371	(1,022)	(44,770)	5,388,363	69,898	341,621
Beginning net assets (LP)	-	-	-	-	-	-
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	-	-
Contribution/distribution (LP)	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	314,625	(925)	(12,621)	153,133	14,398	(2,046)
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	-
Ending net asset (GP)	22,484,996	(1,947)	(57,391)	5,541,496	84,296	339,575
Ending net asset (LP)	-	-	-	-	-	-
Total net assets	22,484,996	(1,947)	(57,391)	5,541,496	84,296	339,575
Liabilities and net assets	<u>\$ 22,484,996</u>	<u>\$ (1,047)</u>	<u>\$ (56,131)</u>	<u>\$ 5,791,943</u>	<u>\$ 85,196</u>	<u>\$ 339,575</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	Princess Anne GP	Princess Anne Investor	Ships Cove GP	St. Luke's GP	Takoma GP	VOV-NHPF I
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	-	-	-	1,178,001	-	-
Asset management and resident service fee receivable	-	-	-	-	-	-
Investment in housing funds	(89)	(894,929)	174,549	(560)	(1,495,036)	(198)
Deferred financing costs, net	-	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Advances - current	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	30,000
Total assets	<u>\$ (89)</u>	<u>\$ (894,929)</u>	<u>\$ 174,549</u>	<u>\$ 1,177,441</u>	<u>\$ (1,495,036)</u>	<u>\$ 29,802</u>
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	-	-	1,178,001	-	-
Accounts payable - affiliates	-	-	40	200	900	900
Total liabilities	<u>-</u>	<u>-</u>	<u>40</u>	<u>1,178,201</u>	<u>900</u>	<u>900</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Princess Anne GP</u>	<u>Princess Anne Investor</u>	<u>Ships Cove GP</u>	<u>St. Luke's GP</u>	<u>Takoma GP</u>	<u>VOV-NHPF I</u>
Net assets:						
Beginning net assets (GP)	(36)	(360,224)	174,579	(633)	(1,494,999)	(266)
Beginning net assets (LP)	-	-	-	-	-	(13)
Transfers in (out) (GP)	-	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-	-
Contribution/distribution (GP)	-	-	-	-	-	-
Contribution/distribution (LP)	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(53)	(534,705)	(70)	(127)	(937)	14,591
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-	14,591
Ending net asset (GP)	(89)	(894,929)	174,509	(760)	(1,495,936)	14,325
Ending net asset (LP)	-	-	-	-	-	14,578
Total net assets	(89)	(894,929)	174,509	(760)	(1,495,936)	28,902
Liabilities and net assets	<u>\$ (89)</u>	<u>\$ (894,929)</u>	<u>\$ 174,549</u>	<u>\$ 1,177,441</u>	<u>\$ (1,495,036)</u>	<u>\$ 29,802</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Wade Road GP</u>	<u>Walnut 209</u>	<u>Walnut Affordable</u>	<u>Woodmont Manager</u>	<u>Workforce Housing, I</u>
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	-	-	-	-	-
Asset management and resident service fee receivable	168,184	111,508	-	-	-
Investment in housing funds	(84,923)	(219)	-	26	(344,872)
Deferred financing costs, net	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	1,000,000	-	-
Prepaid expenses and other assets	-	-	-	-	-
Advances - current	-	36,393	-	-	-
Due from affiliates	-	-	-	233,550	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,550</u>	<u>-</u>
Total assets	<u>\$ 83,261</u>	<u>\$ 147,682</u>	<u>\$ 1,000,000</u>	<u>\$ 233,576</u>	<u>\$ (344,872)</u>
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and construction loans payable and accrued interest	-	-	-	-	-
Accounts payable - affiliates	100	800	-	1,725	-
	<u>100</u>	<u>800</u>	<u>-</u>	<u>1,725</u>	<u>-</u>
Total liabilities	<u>100</u>	<u>800</u>	<u>-</u>	<u>1,725</u>	<u>-</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES – CONTINUED

December 31, 2019

	<u>Wade Road GP</u>	<u>Walnut 209</u>	<u>Walnut Affordable</u>	<u>Woodmont Manager</u>	<u>Workforce Housing, I</u>
Net assets:					
Beginning net assets (GP)	97,638	226,327	1,000,000	115,090	(323,962)
Beginning net assets (LP)	-	-	-	-	-
Transfers in (out) (GP)	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-
Contribution/distribution (GP)	(8,905)	(1,330)	-	-	-
Contribution/distribution (LP)	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(5,572)	(78,115)	-	116,761	(20,910)
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-
Ending net asset (GP)	<u>83,161</u>	<u>146,882</u>	<u>1,000,000</u>	<u>231,851</u>	<u>(344,872)</u>
Ending net asset (LP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>83,161</u>	<u>146,882</u>	<u>1,000,000</u>	<u>231,851</u>	<u>(344,872)</u>
Liabilities and net assets	<u>\$ 83,261</u>	<u>\$ 147,682</u>	<u>\$ 1,000,000</u>	<u>\$ 233,576</u>	<u>\$ (344,872)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES - CONTINUED

December 31, 2019

	Hollybush Affordable	Center City MM - Belmont	Irvine Turner MM - Belmont	Berry Manor Investor, LLC	Ridgecrest Court Manager, LLC
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable and accrued interest	5,730,512	-	-	-	-
Asset management and resident service fee receivable	-	-	17,875	-	-
Investment in housing funds	-	750,283	1,309,433	857,819	(251,215)
Deferred financing costs, net	-	-	-	-	-
Land, buildings, improvements and equipment, net	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-
Advances - current	-	-	-	-	-
Due from affiliates	-	-	-	100	-
Total assets	\$ 5,730,512	\$ 750,283	\$ 1,327,308	\$ 857,919	\$ (251,215)
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 100	\$ -
Notes and construction loans payable and accrued interest	-	-	-	-	-
Accounts payable - affiliates	-	-	-	-	-
Total liabilities	-	-	-	100	-

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES - CONTINUED

December 31, 2019

	Hollybush Affordable	Center City MM - Belmont	Irvine Turner MM - Belmont	Berry Manor Investor, LLC	Ridgecrest Court Manager, LLC
Net assets:					
Beginning net assets (GP)	5,948,224	-	-	-	-
Beginning net assets (LP)	-	-	-	-	-
Transfers in (out) (GP)	-	-	-	-	-
Transfers in (out) (LP)	-	-	-	-	-
Contribution/distribution (GP)	-	726,521	1,265,333	812,611	-
Contribution/distribution (LP)	-	156,344	282,732	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	(217,712)	(132,582)	(220,757)	45,208	(251,215)
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	-	-	-
Ending net asset (GP)	5,730,512	593,939	1,044,576	857,819	(251,215)
Ending net asset (LP)	-	156,344	282,732	-	-
Total net assets	5,730,512	750,283	1,327,308	857,819	(251,215)
Liabilities and net assets	<u>\$ 5,730,512</u>	<u>\$ 750,283</u>	<u>\$ 1,327,308</u>	<u>\$ 857,919</u>	<u>\$ (251,215)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES - CONTINUED

December 31, 2019

	Workforce Affordable Housing Fund I Manager	Lot 13	Workforce Affordable Housing Fund I, LLC	Total
Assets:				
Cash and cash equivalents	\$ -	\$ 429,703	\$ -	\$ 498,743
Notes receivable and accrued interest	-	-	-	87,011,860
Asset management and resident service fee receivable	-	-	-	683,545
Investment in housing funds	2,500	-	24,808,600	4,509,806
Deferred financing costs, net	-	-	2,077,865	2,077,865
Land, buildings, improvements and equipment, net	-	1,864,921	-	2,864,921
Prepaid expenses and other assets	-	5,290	-	14,017
Advances - current	-	-	-	376,587
Due from affiliates	-	-	4,003,166	4,555,857
	<u>-</u>	<u>-</u>	<u>4,003,166</u>	<u>4,555,857</u>
Total assets	<u>\$ 2,500</u>	<u>\$ 2,299,914</u>	<u>\$ 30,889,631</u>	<u>\$ 102,593,201</u>
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ 243,921	\$ -	\$ 265,264
Notes and construction loans payable and accrued interest	-	-	-	5,438,001
Accounts payable - affiliates	-	60,493	-	629,402
	<u>-</u>	<u>60,493</u>	<u>-</u>	<u>629,402</u>
Total liabilities	<u>-</u>	<u>304,414</u>	<u>3,967,537</u>	<u>10,300,204</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF FINANCIAL POSITION - OTHER ENTITIES - CONTINUED

December 31, 2019

	<u>Workforce Affordable Housing Fund I Manager</u>	<u>Lot 13</u>	<u>Workforce Affordable Housing Fund I, LLC</u>	<u>Total</u>
Net assets:				
Beginning net assets (GP)	-	-	-	74,341,213
Beginning net assets (LP)	-	-	-	(13,375,036)
Transfers in (out) (GP)	-	-	-	-
Transfers in (out) (LP)	-	-	-	-
Contribution/distribution (GP)	2,500	1,995,500	1,131,672	5,427,196
Contribution/distribution (LP)	-	-	25,869,637	24,752,624
Excess of revenue over expenses (expenses over revenue) attributable to the Organization (GP)	-	-	(3,169)	772,196
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests (LP)	-	-	(76,046)	374,804
Ending net asset (GP)	2,500	1,995,500	1,128,503	80,540,605
Ending net asset (LP)	-	-	25,793,591	11,752,392
Total net assets	2,500	1,995,500	26,922,094	92,292,997
Liabilities and net assets	<u>\$ 2,500</u>	<u>\$ 2,299,914</u>	<u>\$ 30,889,631</u>	<u>\$ 102,593,201</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES
 SUPPLEMENTARY INFORMATION - CONTINUED
 UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES

Year ended December 31, 2019

	Anacostia GP	Bayview GP	Benning Heights GP	Cherry Affordable	Cleme 284 GP	Columbia Apartments
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	-	-	-	-	32,782	-
Interest income	-	-	-	-	-	1,668
Other revenue	-	-	-	-	-	-
Other (losses) income in housing funds	<u>(568,474)</u>	<u>(40)</u>	<u>(59,466)</u>	<u>-</u>	<u>(130)</u>	<u>881,201</u>
Total revenue	<u>(568,474)</u>	<u>(40)</u>	<u>(59,466)</u>	<u>-</u>	<u>32,652</u>	<u>882,869</u>
Accounting expense	-	1,528	2,304	-	-	-
Legal	-	-	-	-	-	-
Asset management fees	-	-	-	-	-	-
Management and administration	-	107	-	-	-	-
Amortization	-	-	-	-	-	-
Contributions expense	-	-	-	55,553	-	-
Other financial expenses and acquisition fee	-	-	-	-	-	10,349
Total expense	<u>-</u>	<u>1,635</u>	<u>2,304</u>	<u>55,553</u>	<u>-</u>	<u>10,349</u>
Excess of (expense over revenue) revenue over expense	<u>\$ (568,474)</u>	<u>\$ (1,675)</u>	<u>\$ (61,770)</u>	<u>\$ (55,553)</u>	<u>\$ 32,652</u>	<u>\$ 872,520</u>
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(436,260)</u>
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	<u>\$ (568,474)</u>	<u>\$ (1,675)</u>	<u>\$ (61,770)</u>	<u>\$ (55,553)</u>	<u>\$ 32,652</u>	<u>\$ 436,260</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Cornerstone Bayview	Cornerstone St. Luke's	Forest Affordable	Foxwood Affordable	Foxwood GP	Harvest Homes GP
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	-	-	-	-	10,000	19,901
Interest income	262,859	290,449	12,862	826,006	-	-
Other revenue	-	-	-	-	(133)	-
Other (losses) income in housing funds	-	-	-	-	(134)	(47)
Total revenue	262,859	290,449	12,862	826,006	9,733	19,854
Accounting expense	-	-	-	-	800	710
Legal	-	-	-	-	-	-
Asset management fees	-	-	-	-	-	-
Management and administration	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Contributions expense	339,400	-	517,502	-	-	-
Other financial expenses and acquisition fee	-	-	-	-	-	-
Total expense	339,400	-	517,502	-	800	710
 Excess of (expense over revenue) revenue over expense	 \$ (76,541)	 \$ 290,449	 \$ (504,640)	 \$ 826,006	 \$ 8,933	 \$ 19,144
 Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	 -	 -	 -	 -	 -	 -
 Excess of revenue over expenses (expenses over revenue) attributable to the Organization	 \$ (76,541)	 \$ 290,449	 \$ (504,640)	 \$ 826,006	 \$ 8,933	 \$ 19,144

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Hollybush GP	Jamestown Affordable	Mark Twain NHPF Manager	Milliken Affordable	Nannie Helen Manager	Nannie Helen NHPF, LLC
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	-	-	37,105	-	-	-
Interest income	-	130,997	-	520,318	-	-
Other revenue	-	25,250	-	-	167,993	79,797
Other (losses) income in housing funds	(39)	-	(67)	-	-	-
Total revenue	(39)	156,247	37,038	520,318	167,993	79,797
Accounting expense	800	-	-	830	-	-
Legal	-	20,668	-	-	-	-
Asset management fees	-	-	-	-	-	-
Management and administration	-	-	101	-	-	-
Amortization	-	-	-	-	-	-
Contributions expense	-	-	-	178,833	-	-
Other financial expenses and acquisition fee	-	-	-	-	-	-
Total expense	800	20,668	101	179,663	-	-
Excess of (expense over revenue) revenue over expense	\$ (839)	\$ 135,579	\$ 36,937	\$ 340,655	\$ 167,993	\$ 79,797
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (839)	\$ 135,579	\$ 36,937	\$ 340,655	\$ 167,993	\$ 79,797

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	NDFD I	NDFD II	New Covent Managing Member	NHPF Columbia Investor	NHPF Columbia Manager	NHPF/WH	Berry Manor NHPF, LLC
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,307
Asset management fees	39,830	-	-	88	-	-	-
Interest income	11,804	-	-	-	-	-	-
Other revenue	-	-	-	-	-	32,500	-
Other (losses) income in housing funds	(20,328)	(53)	7	-	440,420	(20,910)	-
Total revenue	31,306	(53)	7	88	440,420	11,590	8,307
Accounting expense	1,940	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Asset management fees	-	-	-	-	-	-	-
Management and administration	-	-	-	99	-	-	-
Amortization	-	-	-	-	-	-	-
Contributions expense	-	-	-	-	-	-	(457)
Other financial expenses and acquisition fee	-	-	-	-	-	-	-
Total expense	1,940	-	-	99	-	-	(457)
Excess of (expense over revenue) revenue over expense	\$ 29,366	\$ (53)	\$ 7	\$ (11)	\$ 440,420	\$ 11,590	\$ 8,764
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ 29,366	\$ (53)	\$ 7	\$ (11)	\$ 440,420	\$ 11,590	\$ 8,764

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Orange Affordable	Orange GP	Pepper Tree GP	Plaza B I	Plaza B GP	Preservation Partners
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	-	-	20,000	-	15,303	-
Interest income	790,601	-	-	153,133	-	-
Other revenue	-	-	-	-	-	-
Other (losses) income in housing funds	-	(125)	2	-	(47)	(25)
Total revenue	790,601	(125)	20,002	153,133	15,256	(25)
Accounting expense	-	800	-	-	800	-
Legal	-	-	-	-	-	-
Asset management fees	-	-	-	-	-	-
Management and administration	-	-	1,260	-	58	2,021
Amortization	-	-	-	-	-	-
Contributions expense	475,976	-	31,363	-	-	-
Other financial expenses and acquisition fee	-	-	-	-	-	-
Total expense	475,976	800	32,623	-	858	2,021
Excess of (expense over revenue) revenue over expense	\$ 314,625	\$ (925)	\$ (12,621)	\$ 153,133	\$ 14,398	\$ (2,046)
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ 314,625	\$ (925)	\$ (12,621)	\$ 153,133	\$ 14,398	\$ (2,046)

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Princess Anne GP	Princess Anne Investor	Ships Cove GP	St. Luke's GP	Takoma GP	VOV-NHPF I
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	-	-	-	-	-	30,000
Interest income	-	-	-	66,136	-	-
Other revenue	-	-	-	-	-	-
Other (losses) income in housing funds	(53)	(534,705)	(30)	(105)	(137)	(22)
Total revenue	(53)	(534,705)	(30)	66,031	(137)	29,978
Accounting expense	-	-	-	-	-	797
Legal	-	-	-	-	-	-
Asset management fees	-	-	-	-	-	-
Management and administration	-	-	40	22	800	-
Amortization	-	-	-	-	-	-
Contributions expense	-	-	-	-	-	-
Other financial expenses and acquisition fee	-	-	-	66,136	-	-
Total expense	-	-	40	66,158	800	797
Excess of (expense over revenue) revenue over expense	\$ (53)	\$ (534,705)	\$ (70)	\$ (127)	\$ (937)	\$ 29,181
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	-	-	-	(14,591)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (53)	\$ (534,705)	\$ (70)	\$ (127)	\$ (937)	\$ 14,591

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Wade Road GP	Walnut 209	Walnut Affordable	Woodmont Manager	Workforce Housing, I
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	168,184	111,508	-	118,450	-
Interest income	-	-	-	-	-
Other revenue	-	480	-	-	-
Other (losses) income in housing funds	(70)	-	-	(64)	(20,910)
Total revenue	168,114	111,988	-	118,386	(20,910)
Accounting expense	-	800	-	1,625	-
Legal	-	-	-	-	-
Asset management fees	-	-	-	-	-
Management and administration	107	-	-	-	-
Amortization	-	-	-	-	-
Contributions expense	173,579	189,303	-	-	-
Other financial expenses and acquisition fee	-	-	-	-	-
Total expense	173,686	190,103	-	1,625	-
Excess of (expense over revenue) revenue over expense	\$ (5,572)	\$ (78,115)	\$ -	\$ 116,761	\$ (20,910)
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (5,572)	\$ (78,115)	\$ -	\$ 116,761	\$ (20,910)

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Hollybush Affordable	Center City MM - Belmont	Irvine Turner MM - Belmont	Berry Manor Investor, LLC	Ridgecrest Court Manager, LLC
Contribution affiliates	\$ -	\$ -	\$ -	\$ -	\$ -
Asset management fees	-	-	17,875	-	-
Interest income	187,062	-	-	-	-
Other revenue	-	-	-	-	-
Other (losses) income in housing funds	-	(72,582)	(178,632)	45,208	(251,215)
Total revenue	187,062	(72,582)	(160,757)	45,208	(251,215)
Accounting expense	-	-	-	-	-
Legal	-	-	-	-	-
Asset management fees	-	-	-	-	-
Management and administration	-	-	-	-	-
Amortization	-	-	-	-	-
Contributions expense	404,774	-	-	-	-
Other financial expenses and acquisition fee	-	60,000	60,000	-	-
Total expense	404,774	60,000	60,000	-	-
Excess of (expense over revenue) revenue over expense	\$ (217,712)	\$ (132,582)	\$ (220,757)	\$ 45,208	\$ (251,215)
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (217,712)	\$ (132,582)	\$ (220,757)	\$ 45,208	\$ (251,215)

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION - CONTINUED

UNAUDITED CONSOLIDATING STATEMENT OF ACTIVITIES - OTHER ENTITIES - CONTINUED

Year ended December 31, 2019

	Workforce Affordable Housing Fund I Manager	Lot 13	Workforce Affordable Housing Fund I, LLC	Total
Contribution affiliates	\$ 2,080,560	\$ -	\$ -	\$ 2,088,867
Asset management fees	-	-	-	621,026
Interest income	-	-	-	3,253,895
Other revenue	-	-	-	305,887
Other (losses) income in housing funds	-	-	-	(361,572)
Total revenue	2,080,560	-	-	5,908,103
Accounting expense	-	-	-	13,734
Legal	-	-	76,520	97,188
Asset management fees	-	-	-	-
Management and administration	-	-	-	4,615
Amortization	-	-	2,695	2,695
Contributions expense	2,080,560	-	-	4,446,386
Other financial expenses and acquisition fee	-	-	-	196,485
Total expense	2,080,560	-	79,215	4,761,103
Excess of (expense over revenue) revenue over expense	\$ -	\$ -	\$ (79,215)	\$ 1,147,000
Excess of (expense over revenue) revenue over expense attributable to noncontrolling interests	-	-	76,046	(374,804)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ -	\$ -	\$ (3,169)	\$ 772,196



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