

**The NHP Foundation and its  
Affiliated Entities**

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

**December 31, 2020 and 2019**

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## **THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES**

### **TABLE OF CONTENTS**

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	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	3-4
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019:	
Consolidated Statements of Financial Position	5-6
Consolidated Statements of Activities	7-8
Consolidated Statements of Changes in Net Assets	9
Consolidated Statements of Functional Expenses	10-11
Consolidated Statements of Cash Flows	12-13
Notes to Consolidated Financial Statements	14-47
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	48
SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020:	
Consolidating Statement of Financial Position	49-50
Consolidating Statement of Activities - Summary	51

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The NHP Foundation

Report on the Consolidated 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, 2020 and 2019, 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 \$398,438,656 and \$302,457,666 of the related consolidated total assets as of December 31, 2020 and 2019, respectively, and total public support and operating revenue of \$32,336,165 and \$27,734,813, 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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CohnReznick LLP*

Bethesda, Maryland  
June 25, 2021

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

	<u>Assets</u>	
	2020	2019
Assets:		
Cash and cash equivalents		
Cash - restricted	\$ 4,104,176	\$ 1,280,104
Cash - deposits and escrows	68,961,787	86,953,304
Cash - unrestricted	25,726,226	28,939,295
Total cash and cash equivalents	98,792,189	117,172,703
Current assets		
Accounts receivable	2,510,829	2,907,520
Grants receivable	50,714	2,538
Prepaid expenses and other current assets	2,966,408	7,768,606
Developers fees receivable, current	2,458,514	1,069,914
Other receivable:		
Predevelopment costs	9,476,340	8,443,653
Total current assets	116,254,994	137,364,934
Non-current assets		
Land, building, improvements and equipment, net	723,213,252	650,496,759
Construction in progress	68,898,437	17,785,608
Intangible assets, net	5,487,091	2,731,662
Notes receivable and accrued interest, net	1,339,377	1,581,433
Developers fees receivable	7,522,003	8,959,734
Asset, partnership and incentive management fees receivable	17,875	132,875
Investments in operating entities	1,859,008	1,889,366
Total non-current assets	808,337,043	683,577,437
Total assets	\$ 924,592,037	\$ 820,942,371

See notes to consolidated financial statements

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

December 31, 2020 and 2019

	<u>Liabilities and Net Assets</u>	
	2020	2019
Liabilities:		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,846,163	\$ 7,382,877
Other liabilities	13,683,122	10,001,193
Notes payable and accrued interest, current	40,807,949	57,913,413
Developers fees payable, current	2,458,514	1,069,914
Total current liabilities	63,795,748	76,367,397
Long-term liabilities		
Notes payable and accrued interest, net	710,773,590	593,104,305
Developers fees payable, net of current portion	11,888,013	12,844,145
Asset, partnership and incentive management fees payable	602,119	152,957
Investments in operating entities	4,688,028	1,599,611
Other long-term liabilities	7,580,450	5,978,523
Total long-term liabilities	735,532,200	613,679,541
Total liabilities	799,327,948	690,046,938
Commitments and contingencies	-	-
Net assets:		
Without donor restrictions - controlling	46,037,897	49,313,423
Without donor restrictions - noncontrolling	79,131,092	81,529,487
Total net assets without donor restrictions	125,168,989	130,842,910
Net assets with donor restrictions	95,100	52,523
Total net assets	125,264,089	130,895,433
Total liabilities and net assets	\$ 924,592,037	\$ 820,942,371

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Public support and operating revenue:			
Rent revenue	\$ 87,127,379	\$ -	\$ 87,127,379
Developer fee revenue	10,522,479	-	10,522,479
Contributions and grants	778,494	239,430	1,017,924
Asset, partnership and incentive management fees	21,020	-	21,020
Financial revenue	601,152	-	601,152
Interest revenue	15,005	-	15,005
Other revenue	4,441,618	-	4,441,618
Total public support and operating revenue	103,507,147	239,430	103,746,577
Net assets released from restrictions	196,853	(196,853)	-
Total public support and operating revenue	103,704,000	42,577	103,746,577
Expenses:			
Program services:			
Rental operations (includes \$18,588,747 in depreciation and amortization)	103,152,524	-	103,152,524
Acquisition and development	4,737,600	-	4,737,600
Asset management	1,126,359	-	1,126,359
Operation Pathways	1,567,740	-	1,567,740
Supporting services:			
Management and general (includes \$139,620 in depreciation and amortization)	7,384,351	-	7,384,351
Fundraising services	527,843	-	527,843
Total expenses	118,496,417	-	118,496,417
Excess of revenue over expenses (expenses over revenue)	(14,792,417)	42,577	(14,749,840)
Excess of expenses over revenue attributable to noncontrolling interests	14,564,534	-	14,564,534
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ (227,883)	\$ 42,577	\$ (185,306)

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF ACTIVITIES - CONTINUED

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
Asset, partnership and incentive 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
Operation Pathways	1,218,133	-	1,218,133
Supporting services:			
Management and general (includes \$139,695 in depreciation and amortization)	12,903,745	-	12,903,745
Fundraising services	777,421	-	777,421
Total expenses	98,305,105	-	98,305,105
Excess of (expenses over revenue) revenue over expenses 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 (expenses over revenue) revenue over expenses	(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 CHANGES IN NET ASSETS

Years ended December 31, 2020 and 2019

	Without donor restrictions			With donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2019	\$ 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	(202,495)	-	(202,495)	1,399	(201,096)
Ending balance, December 31, 2019	49,313,423	81,529,487	130,842,910	52,523	130,895,433
Transfers in and other equity adjustments	(3,047,643)	-	(3,047,643)	-	(3,047,643)
Capital contributions from noncontrolling interests, net of syndication costs	-	12,166,139	12,166,139	-	12,166,139
Excess of expenses over revenue attributable to noncontrolling interests	-	(14,564,534)	(14,564,534)	-	(14,564,534)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	(227,883)	-	(227,883)	42,577	(185,306)
Ending balance, December 31, 2020	<u>\$ 46,037,897</u>	<u>\$ 79,131,092</u>	<u>\$ 125,168,989</u>	<u>\$ 95,100</u>	<u>\$ 125,264,089</u>

See notes to consolidated financial statements

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

Year ended December 31, 2020

Nature of expenses:	Program services				Supporting services		Total
	Rental operations	Acquisition and Development	Asset Management	Operation Pathways	Management and general	Fundraising	
Payroll and related	\$ 12,493,288	\$ 4,053,146	\$ 883,081	\$ 358,975	\$ 2,616,142	\$ 227,838	\$ 20,632,470
Operating and maintenance expenses	24,286,309	-	-	-	1,064,565	-	25,350,874
Interest	26,260,066	93,518	50	-	77,773	213	26,431,620
Taxes and insurance	9,123,316	-	-	15,566	68,384	-	9,207,266
Management fees	3,870,661	-	-	-	-	-	3,870,661
Accounting	544,940	-	-	10,800	150,880	-	706,620
Legal	269,830	-	-	-	-	-	269,830
Management and administration	2,711,997	35,564	24,678	390,201	1,019,570	1,733	4,183,743
Consulting	200,290	261,802	-	-	870,932	-	1,333,024
Marketing	312,787	-	-	2,543	9,243	246,678	571,251
Travel	18,180	97,683	18,832	5,265	116,697	324	256,981
Bad debt expense	1,813,990	195,887	141,750	-	232,820	-	2,384,447
Contributions expense	-	-	57,968	-	-	-	57,968
Depreciation and amortization	18,588,747	-	-	-	139,620	-	18,728,367
Operation Pathways fee	-	-	-	-	907,968	-	907,968
Other non-operating expense/minority interest	2,658,123	-	-	784,390	109,757	51,057	3,603,327
	<u>\$ 103,152,524</u>	<u>\$ 4,737,600</u>	<u>\$ 1,126,359</u>	<u>\$ 1,567,740</u>	<u>\$ 7,384,351</u>	<u>\$ 527,843</u>	<u>\$ 118,496,417</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES – CONTINUED

Year ended December 31, 2019

Nature of expenses:	Program services				Supporting services		Total
	Rental operations	Acquisition and Development	Asset Management	Operation Pathways	Management and general	Fundraising	
Payroll and related	\$ 10,601,563	\$ 4,317,256	\$ 859,123	\$ 761,955	\$ 3,076,493	\$ 268,040	\$ 19,884,430
Operating and maintenance expenses	20,160,300	-	-	-	-	-	20,160,300
Interest	20,960,878	-	-	-	-	-	20,960,878
Taxes and insurance	6,573,666	-	-	-	102,400	-	6,676,066
Management fees	-	-	-	-	3,596,096	-	3,596,096
Accounting and legal fees	-	-	-	-	334,903	-	334,903
Management and administration	890,720	23,794	8,998	453,787	2,137,635	179,680	3,694,614
Consulting	-	224,448	-	-	533,203	22,832	780,483
Marketing	-	100	75	-	338,314	44,779	383,268
Travel	-	181,448	92,986	2,391	571,412	15,336	863,573
Other	794,131	(2,768)	918,935	-	10,734	-	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>\$ 1,218,133</u>	<u>\$ 12,903,745</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 CASH FLOWS

Years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
(Deficit) of revenue over expenses	\$ (14,749,840)	\$ (13,102,279)
Adjustments to reconcile (deficit) of revenue over expenses to cash provided by operating activities:		
Depreciation and amortization	18,728,367	16,590,791
Bad debt expense	2,384,447	1,789,065
Amortization of debt issuance costs	2,135,256	1,737,683
Unrealized loss (gain) on swap	346,404	359,016
Loss on disposal of fixed assets	174,967	-
Gain (loss) on sale of properties	-	(10,313)
Other loss (gain) in housing funds	1,314,708	-
Loss (income) from equity method investments	5,774	(129,633)
Increase (decrease) in operating assets:		
Prepaid expenses and other assets	(2,244,093)	(3,424,836)
Due from affiliates	4,247,913	(4,531,189)
Grant receivable	(48,176)	(6,582)
(Increase) decrease in operating liabilities:		
Accounts payable and accrued expenses	3,169,351	(8,502,344)
Other liabilities	(7,406,283)	8,211,585
Tenants' security deposits	321,699	191,041
Accrued interest on mortgage, notes and construction loan payable	3,214,256	1,010,393
Net cash provided by operating activities	<u>11,594,750</u>	<u>182,398</u>
Cash flows from investing activities:		
Repayment (issuance) of notes receivable	242,057	705,704
Purchase of land, buildings, improvements and equipment	(132,390,165)	(185,821,196)
Purchase of other assets	(3,416,421)	(1,283,961)
Net (advances) reimbursements of working capital	1,094,215	(450,439)
Net deferred development costs (additions) reimbursements	(1,636,049)	(2,890,770)
Net proceeds from (purchase of) investment in housing funds	(1,106,883)	381,732
Net sales of investments	-	226,494
Net cash used in investing activities	<u>(137,213,246)</u>	<u>(189,132,436)</u>
Cash flows from financing activities:		
Capital contributions received from noncontrolling interests	12,023,672	52,066,015
Proceeds from mortgages, notes and construction loans payable	160,144,338	226,894,325
Principal payments on mortgages, notes and construction loans payable	(56,605,005)	(58,427,047)
Payments for debt issuance costs	(8,325,023)	(8,081,255)
Net cash provided by financing activities	<u>107,237,982</u>	<u>212,452,038</u>
Net (decrease) increase in cash, restricted cash, and cash equivalents	(18,380,514)	23,502,000
Cash, restricted cash, and cash equivalents, beginning	<u>117,172,703</u>	<u>93,670,703</u>
Cash, restricted cash, and cash equivalents, ending	<u>\$ 98,792,189</u>	<u>\$ 117,172,703</u>

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

Years ended December 31, 2020 and 2019

	2020	2019
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest, net of amount capitalized	<u>\$ 21,082,108</u>	<u>\$ 18,212,802</u>
Cash paid for income taxes	<u>\$ 70,601</u>	<u>\$ 16,953</u>
<b>SIGNIFICANT NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
(Deficit) equity transfer in	<u>\$ (3,047,643)</u>	<u>\$ (2,107,632)</u>
Accounts payable and accrued expenses, relating to construction costs included in land, buildings, improvements and equipment	<u>\$ 8,765,131</u>	<u>\$ 5,313,117</u>
Noncash capital contribution - reclassification of developer fee payable	<u>\$ 142,467</u>	<u>\$ 272,712</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents	\$ 25,726,226	\$ 28,939,295
Restricted cash	4,104,176	1,280,104
Cash - deposits and escrows	<u>68,961,787</u>	<u>86,953,304</u>
	<u>\$ 98,792,189</u>	<u>\$ 117,172,703</u>

See notes to consolidated financial statements

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 and 2019

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### 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 27 properties in 12 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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### 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
Anacostia Gardens GP, LLC ("Anacostia GP")	Other	Anacostia Gardens Owner, LLC ("Anacostia Gardens")	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
Blue Mountain Manager, LLC	Other	Blue Mountain Owner, LLC	LIHTC
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
Exchange Place MM LLC ("Exchange Place GP")	Other	Exchange Place Preservation Partners, LLC ("Exchange Place")	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
Hollander Ridge Manager, LLC ("Hollander Ridge GP")	Other	Hollander Ridge Investor, LLC ("Hollander Ridge")	LIHTC
Hollybush GP, Inc. ("Hollybush GP")	Other	Hollybush Preservation Partners, LP ("Hollybush Preservation")	LIHTC
Mark Twain NHPF Manager, LLC ("Mark Twain 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
NHPF Overlook GP LLC	Other	Overlook Owner, LP	Real Estate
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")	LIHTC
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 Master Tenant, LLC (3) ("St. Luke's Preservation")	LIHTC
St. Luke's GP, Inc. ("St. Luke's GP")	Other	St. Luke's Preservation Partners, LP (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

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### Entities with a controlling interest ranging from 1% to 100%

Managing/sole Member	Group	Legal Entity	Group
1255 NPO Manager LLC ("1255 NPO Owner's GP")	Other	1255 NPO Owner, LLC	Real Estate
1300 NPO Manager LLC ("1300 NPO Owner's GP")	Other	1300 NPO Owner, LLC	Real Estate
NHPF		A.C.T. Affordable Housing ("ACT LaSalle")	Real Estate
NHPF		Alexander House Owner, LLC ("Alexander House")	Real Estate
Berry Manor Investor, LLC	Other	Berry Manor Owner, LP	Real Estate
NHPF		BM Land Owner, Inc.	Other
Interstate I Affordable Housing	Other	C/HP Cove, Inc. "(Clipper Cove)"	Real Estate
Center City Managing Member, LLC ("Center City's GP")	Other	Center City Apt Urban Renewal, LLC	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
Irvine Turner Managing Member, LLC ("Irvine Turner's GP")	Other	Irvine Turner Apts Urban Renewal, LLC	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 (2)		New Covent, LLC ("New Covent")	Real Estate
NHPF		New Mark Twain, LLC ("New Mark Twain")	Real Estate
Jamestown Affordable Housing, Inc. ("Jamestown Affordable")	Other	NHPF Caroline MM LLC	Other
NHPF		NHPF-SC Developer, LLC	Other
NHPF		Overlook Owner, LP	Real Estate
Princess Anne Investor, LLC (2) ("Princess Anne Investor")	Other	Princess Anne Owner, LP ("Princess Anne Owner")	Real Estate
Ridgecrest Court Manager, LLC ("Ridgecrest's GP")	Other	Ridgecrest Court Investor, LLC	Real Estate
Workforce Housing I, LLC ("Workforce Housing I")	Other	The Pines Owner, LLC ("Pines at Carolina")	Real Estate
NHPF/WFH, LLC ("NHPF/WH")	Other	Workforce Housing I, LLC ("Workforce Housing I")	Other
NHPF			Real Estate

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

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

### 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
Comerstone/Bayview, Inc. ("Comerstone/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
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
Comerstone/St. Luke's, Inc. ("Comerstone St. Luke's")	Other	St. Luke's Preservation Partners, LP	LIHTC



# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### Investment in operating entities

Legal Entity	Group	Ownership %	Accounting Method
Cherry Estates Limited Partnership (Cherry Affordable special limited partner interest)	Not consolidated	0.010%	Equity Method
CHA LLC (CHA MM, LLC general partner interest)	Not consolidated	0.010%	Equity Method
Eagles Landing Apartments, LP (NHPF Eagles Landing GP, LLC general partner interest)	Not consolidated	0.002%	Equity Method
NHPF Harbor Hill GP, LLC (RAHF IV Harbor Hill, L.P.)	Not consolidated	3.000%	Cost
NHPF Sunset Gardens GP, LLC (RAHF IV Sunset Gardens, L.P.)	Not consolidated	3.000%	Cost
RAHF IV Shore Hill, LLC (NHPF-Shore Hill Investor, LLC) (2)	Not consolidated	2.995%	Cost
RAHF IV Shore Hill, LLC (NHPF-Shore Hill Manager, LLC) (1)	Not consolidated	0.005%	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
Center City Managing Member, LLC	Consolidated	60% partner	Consolidated
CHA Development, LLC	Not consolidated	50% partner	Equity Method
CHA JV, LLC	Not consolidated	50% partner	Equity Method
Exchange Place MM LLC ("Exchange Place GP") (2)	Not consolidated	50% partner	Equity Method
Irvine Turner Managing Member, LLC	Consolidated	60% partner	Consolidated
Lot 13 Owner LLC	Consolidated	50% partner	Consolidated
NDFD, LLC ("NDFD") (1)	Other	50% partner	Consolidated
Nonprofit Housing Preservation PI, Inc	Not consolidated	40% partner	Cost Method
Nonprofit Housing Preservation RA, Inc.	Not consolidated	40% partner	Cost Method
Nonprofit Housing Preservation SB, Inc.	Not consolidated	40% partner	Cost Method
Victoria Gardens Apartments Managing Member LLC	Not consolidated	75% partner	Cost Method

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

(2) Exchange Place GP is owned 50% by NDFD

### Housing Funds

Legal Entity	Group	Ownership %	Accounting Method
NHPF/UA, LLC	Not consolidated	50% member	Equity Method
NHPF/UA II, LLC	Not consolidated	50% member	Equity Method
Housing Partnership Equity Trust, LLC	Not consolidated	0.010%	Cost
Workforce Affordable Housing Fund I LLC	Consolidated	4% Member	Consolidated

### Predevelopment Entities

Legal Entity	Group	Ownership %	Accounting Method
17 Mississippi Managing Member, LLC	Consolidated	75.000%	Consolidated
CH Affordable Manager, LLC	Consolidated	100.000%	Consolidated
CHCDC Affordable Elderly LLC	Consolidated	100.000%	Consolidated
Magnificat Permanent Affordable LLC	Consolidated	100.000%	Consolidated
NHPF Houston, LLC	Consolidated	100.000%	Consolidated
NHPF Texas, LLC	Consolidated	100.000%	Consolidated
Temenos Permanent Affordable LLC	Consolidated	100.000%	Consolidated
TEVCDC Affordable Family LLC	Consolidated	100.000%	Consolidated
Trinity East Family, LLC	Consolidated	100.000%	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.

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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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NHPF and its nonprofit affiliated entities conform to the accounting guidance for “Financial Statements of Not-for-Profit Organizations.” These consolidated 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, 2020 and 2019 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 statements 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.

### 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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### 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, 2020 and 2019 was \$541,530 and \$213,647, respectively. Estimated annual amortization expense for each of the ensuing years through December 31, 2025 and thereafter is as follows:

2021	\$	378,058
2022		378,058
2023		372,893
2024		367,257
2025		359,281
Thereafter		<u>3,631,544</u>
	\$	<u>5,487,091</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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### 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/managing 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 on the consolidated statements of financial position represent developer fees due from related entities for development services. The current portion of the developer fee receivable represents amounts expected to be received from equity sources during the next fiscal year. 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 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, 2020 and 2019 is \$9,980,517 and \$10,029,648, respectively.

### 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 statements 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, 2020 and 2019.

### 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

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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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 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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### Investment in Housing Partnership Equity Trust, LLC

NHPF is an investing member in Housing Partnership Equity Trust, LLC (“HPET”) and holds a 1.123% 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.

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 recordation 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 statements 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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### 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.

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 statements 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 NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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- 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 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 construction in progress 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, 2020 and 2019. Due to their tax-exempt status, NHPF and its nonprofit affiliated



## THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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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 2017 remain open.

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:

- 17 Mississippi Owner LLC
- Alexander House Owner, LLC
- Anacostia Gardens Investor, LLC
- Berry Manor Investor, LLC
- Berry Manor NHPF, LLC
- Center City Apartments Urban Renewal, LLC
- Irvine Turner Apartments Urban Renewal, LLC
- Nannie Helen NHPF, LLC
- New Covent LLC
- New Covent Managing Member, LLC
- NHPF Center City LLC
- NHPF Harbor Hill GP, LLC
- NHPF Irvine Turner LLC
- NHPF Sunset Gardens GP, LLC
- NHPF/WFH, LLC
- NHPF –Columbia Heights Investor, LLC
- NHPF –Columbia Heights Manager, LLC
- Princess Anne Investor, LLC
- Ridgecrest Court Investor, LLC
- Ridgecrest Court Manager, LLC
- Takoma Place Investor, LLC
- The Pines Owner, LLC
- Workforce Affordable Housing Fund I Manager, 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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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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, Nannie Helen Owner, Benning Heights Investor, Columbia Heights Village, Hollybush GP, Orange GP, Bayview Preservation, Cleme Manor Holdings, 1255 NPO Manager LLC, and 1300 NPO Manager LLC. Accordingly, these statements include a provision for State income taxes in the total amount of \$70,601 and \$16,953, respectively, for the years ended December 31, 2020 and 2019. 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 2017 remain open.

### 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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### 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 consolidated statements of financial position date, comprise the following:

Financial assets at year-end	2020	2019
Cash	\$ 25,726,226	\$ 28,939,295
Accounts receivable	2,510,829	2,907,520
Grants receivable	50,714	2,538
Total financial assets available at year-end (available over the next 12 months to meet general expenditures)	<u>\$ 28,287,769</u>	<u>\$ 31,849,353</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 statements 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, 2020 and 2019, was \$9,476,340 and \$8,443,653, respectively, and is included in the consolidated statements of financial position as predevelopment 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, 2020 and 2019

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### NOTE 4 - STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts in the consolidated statements of cash flows:

	2020	2019
Cash and cash equivalents	\$ 25,726,226	\$ 28,939,295
Restricted cash	4,104,176	1,280,104
Cash - deposits and escrows	<u>68,961,787</u>	<u>86,953,304</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 98,792,189</u>	<u>\$ 117,172,703</u>

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.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### NOTE 6 - INVESTMENTS IN OPERATING ENTITIES

As of December 31, 2020 and 2019, 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	12/31/2020	12/31/2019
Housing Partnership Equity Trust, LLC	Various	Cost	\$ 172,210	\$ 172,210
NHPF-Shore Hill Investor, LLC	2018	Cost	1,579,018	1,506,320
NHPF-Shore Hill Manager, LLC	2018	Cost	2,806	2,520
NHPF-Harbor Hill Manager, LLC	2019	Cost	53,128	153,704
NHPF-Sunset Gardens Manager, LLC	2019	Cost	51,847	54,612
NHPF-Victoria Gardens Apartments, LLC	2020	Cost	(1)	-
Total cost method investments			<u>1,859,008</u>	<u>1,889,366</u>
CHA LLC	2016	Equity	\$ (1,126)	\$ (36)
Cherry Estates	2011	Equity	-	1,601
Eagles Landing	2015	Equity	2,957	37,957
NHPF/UA, LLC	2016	Equity	26,268	(36,717)
NHPF/UA II, LLC	2017	Equity	(4,267,488)	(1,257,543)
NHPF / WFH, LLC	2016	Equity	(448,639)	(344,873)
Total equity method investments			<u>(4,688,028)</u>	<u>(1,599,611)</u>
Total cost and equity method investments			<u>\$ (2,829,020)</u>	<u>\$ 289,755</u>

## THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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The combined equity investments as of and for the years ended December 31, 2020 and 2019 are summarized below:

Investments in operating entities at January 1, 2019	\$	674,894
Deficit transferred in		(2,107,632)
Distributions received		(296,506)
Equity in income of Operating Entities		<u>129,633</u>
Investments in operating entities at December 31, 2019	\$	(1,599,611)
Capital contributions paid		-
Deficit transferred in		(3,047,643)
Distributions received		(35,000)
Equity in losses of operating entities		<u>(5,774)</u>
Investments in operating entities at December 31, 2020	\$	<u><u>(4,688,028)</u></u>

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

The combined summary financial information of the equity investments as of December 31, 2020 and 2019 and for the years then ended, are as follows:

### BALANCE SHEET

	2020	2019
Cash and cash equivalents	\$ 640,918	\$ 747,912
Restricted cash	1,740,472	1,698,888
Investment in properties	(5,189,859)	(3,433,394)
Land, buildings, improvements and equipment, net	32,592,648	27,608,088
Mortgage escrow and utility deposits	79,721	93,878
Prepaid expenses and other assets	574,943	281,204
Replacement reserves	232,105	95,852
Tenants' security deposits	76,809	100,949
Due from affiliate	500,000	500,000
	<u>31,247,757</u>	<u>27,693,377</u>
Total assets	\$ 31,247,757	\$ 27,693,377
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
Accounts payable and accrued expenses	\$ 2,050,005	\$ 825,172
Other liabilities	1,664,124	1,633,827
Tenants' security deposits	72,706	53,336
Mortgage notes payable	16,940,963	17,168,586
Notes and construction loans payable with accrued interest	5,565,906	900,000
	<u>26,293,704</u>	<u>20,580,921</u>
Total liabilities	26,293,704	20,580,921
Members' equity		
NHPF member equity	(4,688,028)	(1,599,611)
Other members' equity	9,642,081	8,712,067
	<u>4,954,053</u>	<u>7,112,456</u>
Total members' equity	4,954,053	7,112,456
Total liabilities and members' equity	\$ 31,247,757	\$ 27,693,377

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### STATEMENT OF OPERATIONS

	2020	2019
Revenue		
Rent revenue	\$ 3,709,653	\$ 3,390,162
Asset management fees	101,833	76,558
Interest revenue	12,735	14,345
Other revenue	203,325	240,617
	<u>4,027,546</u>	<u>3,721,682</u>
 Total revenue	 4,027,546	 3,721,682
 Operating expenses		
Legal expense	37,279	37,279
Other professional fees	13,960	13,960
Office expenses	667,297	667,297
Miscellaneous operating expenses	3,619,468	3,619,468
	<u>4,338,004</u>	<u>4,338,004</u>
 Total operating expenses	 4,338,004	 4,338,004
 Net loss before equity in losses	 (310,458)	 (616,322)
 Equity in losses	 -	 -
	<u>-</u>	<u>-</u>
 Net loss	 \$ (310,458)	 \$ (616,322)
 NHPF share of net income (loss)	 \$ (5,774)	 \$ 129,633
	<u>(5,774)</u>	<u>129,633</u>
 Other members' share of net (loss) income	 \$ (304,684)	 \$ (745,955)
	<u>(304,684)</u>	<u>(745,955)</u>



# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### NOTE 7 - NOTES RECEIVABLE AND ACCRUED INTEREST

Notes receivable and accrued interest consist of the following:

Affiliated Entity	Description	2020 Note Balance	2019 Note Balance	2020 Accrued Interest	2019 Accrued Interest	Maturity Date	Interest Rate	Borrowers
Bayview	HTCC Loan	\$ 500,000	\$ 500,000	\$ 121,357	\$ 97,538	12/1/2054	2.70%	Bayview Preservation
Bayview	Seller Loan	9,953,231	10,238,570	153,143	123,873	12/1/2054	2.40%	Bayview Preservation
NHPF	HUD Loan	2,740,408	2,740,408	312,414	230,737	1/1/2049	2.75%	Benning Heights Investor
Miliken	Seller Loan	5,185,000	5,185,000	1,088,765	971,160	12/31/2056	7.00%	Ships Cove Preservation
Miliken	Reserve Note	1,252,000	1,252,000	424,558	316,676	12/31/2056	7.00%	Ships Cove Preservation
Cherry	Seller Loan	-	21,702	-	491	7/14/2046	3.86%	Cherry Estates L.P
Falls Church	Loan	1,469,737	705,830	126,205	102,878	11/4/2015	5.00%	Alexander House
Falls Church	Loan	-	367,575	-	12,218	6/30/2020	5.00%	Anacostia
Falls Church	Loan	34,800	34,800	3,299	1,559	Redevelopment	5.00%	Takoma
Forest	Seller Loan	585,081	940,978	2,298	3,177	3/19/2037	1.00%	Forest Park
Foxwood	Seller Loan	12,800,000	12,800,000	8,370,681	7,507,293	6/30/2046	4.24%	Foxwood Preservation
Hollybush	Seller Loan	-	5,622,390	-	108,122	12/31/2055	3.28%	Hollybush Preservation
NHPF	Seller Loan	5,521,413	-	89,311	-	12/31/2055	3.28%	Hollybush Preservation
Jamestown	Acquisition Loan	3,000,000	3,000,000	586,157	92,700	8/25/2024	2.99%	Cleme
Jamestown	Acquisition Loan	1,260,000	1,260,000	179,099	90,679	8/25/2024	2.99%	Cleme
NHPF	Mortgage	184,250	184,250	87,008	66,915	11/30/2049	8.00%	Harvest Home
NHPF	Sponsor Loan	718,018	855,801	2,543	6,062	2/15/2025	8.50%	Clipper
NHPF	Sponsor Loan	1,450,000	1,450,000	203,208	178,689	3/19/2037	1.00%	Forest Park
NHPF	Sponsor Loan	1,045,000	1,045,000	131,250	120,800	3/1/2044	1.00%	Walnut Square
NHPF	Sponsor Loan	600,000	600,000	75,374	69,374	3/1/2044	1.00%	Walnut Square
NHPF	Sponsor Loan	250,000	250,000	170,630	157,755	3/1/2027	5.15%	Walnut Square
NHPF	Sponsor Loan	188,659	236,721	1,009	1,200	12/31/2051	1.00%	Roundtree
NHPF	TA Fees	60,000	-	3,161	-	N/A	0.00%	Woodmont Crossing
NHPF	Promissory Note	2,450,000	1,614,337	315,211	130,854	4/1/2060	8.00%	Mark Twain
Orange	Seller Loan	17,800,000	17,800,000	5,241,070	4,684,996	12/31/2052	3.53%	Orange Preservation
Plaza B	Gap Loan	109,190	109,190	24,079	15,800	6/1/2046	3.14%	Plaza B II
Plaza B	Seller Loan	4,250,844	4,250,669	957,062	787,254	6/1/2046	3.14%	Plaza B II
Plaza B	Reserve Note	336,256	336,256	73,772	61,289	6/1/2046	3.14%	Plaza B II
NHPF	Promissory Note	1,872,875	1,111,865	155,085	66,136	12/18/2044	8.00%	St Luke's GP
NHPF	Promissory Note	413,548	-	-	-	12/18/2044	8.00%	St Luke's GP
St Luke GP	Promissory Note	1,111,865	1,111,865	155,085	66,136	12/18/2044	8.00%	St Luke's Preservation
St. Luke's	Seller Loan	4,815,000	4,815,000	2,743,213	2,440,653	12/18/2044	4.17%	St Luke's Preservation
NHPF	Bridge Loan	148,892	74,446	-	-	Conversion	0.00%	Takoma
Nannie Helen NHPF,	Bridge Loan	1,400,000	322,388	29,801	939	Conversion	5.40%	Nannie Helen Owner
St Luke GP	Promissory Note	743,006	-	-	-	N/A	0.00%	St Lukes
St Luke GP	Promissory Note	413,548	454,410	-	-	N/A	0.00%	St Lukes
NHPF Texas LLC	CIP Loan	153,272	-	447	-	N/A	7.00%	Tenemos
NHPF Texas LLC	CIP Loan	692,849	-	2,021	-	N/A	7.00%	Change Happens
NHPF Texas LLC	CIP Loan	269,274	-	785	-	N/A	7.00%	Magnificat
NHPF Texas LLC	CIP Loan	341,838	-	997	-	N/A	7.00%	Trinity
NHPF Houston LLC	LISC Loan	390,000	-	607	-	N/A	7.00%	Change Happens
BM Land Owner Inc	Ground Lease Loan	12,512,706	-	-	-	N/A	-	Blue Mountain Owner
	Sub-total	99,152,064	81,291,451	21,701,201	18,513,953			
	Less: Allowance	(2,740,408)	(2,740,408)	(312,414)	(230,737)			
	Eliminations	(95,193,634)	(77,163,399)	(21,267,432)	(18,089,427)			
	Total	\$ 1,218,022	\$ 1,387,644	\$ 121,355	\$ 193,789			

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### NOTE 8 - LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT, NET

As of December 31, 2020 and 2019, land, buildings, improvements and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 78,916,835	\$ 68,513,054
Buildings, improvements and equipment	<u>768,796,335</u>	<u>689,108,815</u>
	847,713,170	757,621,869
Less: Accumulated depreciation	<u>(124,499,918)</u>	<u>(107,125,110)</u>
	<u>\$ 723,213,252</u>	<u>\$ 650,496,759</u>

Depreciation expense for 2020 and 2019 amounted to \$18,186,837 and \$16,377,144, respectively. Accumulated depreciation includes a one-time elimination adjustment related to intercompany gain on sales. Refer to Note 12 for the acquisition and disposition of properties during 2020 and 2019.

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

### NOTE 9 – NOTES PAYABLE AND ACCRUED INTEREST

Mortgage, notes and construction loans payable consist of the following:

Affiliated Entity	2020	2019	2020 Accrued Interest	2019 Accrued Interest	Maturity Date	Interest Rate	Lenders
	Mortgage/Loan/Note Balance	Mortgage/Loan/Note Balance					
1255 NPO Owner, LLC	\$ 48,840,000	\$ 48,840,000	\$ 166,125	\$ -	2030	3.95%	Citibank NA
1300 NPO Owner, LLC	34,382,000	34,382,000	116,947	-	2030	3.95%	Citibank NA
17 Mississippi Owner, LLC	1,716,829	-	8,100	-	2022	6.00%	LISC
250 Pepper Tree Manor LP	2,896,624	3,507,392	-	179,842	2022	5.00%	PNC Bank
250 Pepper Tree Manor LP	3,301,016	3,103,000	-	-	2044	0.00%	Texas Dept. of Housing and Community Affairs
A.C.T. Affordable Housing (LaSalle)	874,673	889,051	7,794	7,794	2028	4.87%	Bellwether Enterprise Mortgage Investment LLC
A.C.T. Affordable Housing (LaSalle)	874,893	874,893	19,120	1,470	2037	2.00%	City of Charlotte
Alabama Ave. (Roundtree) - Sponsor Loan	385,205	510,104	2,018	2,449	2051	1.00%	NHPF and VOV Community Development Corp.
Alabama Ave. Afford. Housing (Roundtree)	4,620,000	4,690,000	52,053	54,404	2048	2.32%	District of Columbia Housing Finance Agency
Alabama Ave. Afford. Housing (Roundtree)	5,000,000	5,000,000	307,753	-	2051	1.00%	District of Columbia Department of Housing and Community Development
Alexander House - Bridge Loan	1,469,737	705,830	126,205	102,878	At Recapitalization	5.00%	Falls Church
Alexander House Owner, LLC	4,720,000	4,720,000	-	-	2019	Varies	Enterprise Community Loan Fund Inc.
Alexander House Owner, LLC	980,000	980,000	-	-	At Conversion	6.00%	Enterprise Community Loan Fund Inc.
Anacostia Gardens	closed	367,575	-	12,218	2020	8.00%	Falls Church
Anacostia Gardens Investor, LLC	closed	6,400,000	-	28,599	2019	variable	Eagle Bank
Anacostia Gardens Investor, LLC	closed	2,400,000	-	12,000	At Recapitalization	6.00%	Local Initiatives Support Corporation
Anacostia Gardens Owner, LLC	8,977,824	-	262,636	-	2060	3.00%	Construction Loan
Anacostia Gardens Owner, LLC	9,150,000	-	31,186	-	2062	4.09%	Construction Loan
Bayview Preservation - HTCC Loan	500,000	500,000	121,356	97,539	2054	2.70%	Cornerstone/Bayview Inc.
Bayview Preservation - Seller Loan	9,953,231	10,238,570	153,143	123,872	2054	2.40%	Cornerstone/Bayview Inc.
Bayview Preservation Partners, LP	14,914,798	15,037,820	80,979	80,979	2054	6.25%	Connecticut Housing Finance Authority
Benning Heights Investor	12,988,910	13,151,439	48,817	-	2049	2.25%	Citibank
Benning Heights Investor	2,740,908	2,740,408	312,414	230,737	2049	2.75%	NHPF
Benning Heights Investor	5,012,387	5,012,387	589,280	445,072	2049	3.00%	District of Columbia Department of Housing and Community Development
Berry Manor Owner, LP	4,515,000	4,515,000	22,006	-	At Recapitalization	4.50%	Low Income Investment Fund
Blue Mountain Owner, LLC	44,484,284	-	149,453	-	2062	3.89%	Construction Loan_Mass Housing Mortgage
Blue Mountain Owner, LLC	365,570	-	-	-	2038	5.00%	Construction Loan_Blue Hub Loan
Blue Mountain Owner, LLC	12,512,706	-	-	-	2095	3.90%	BM Land Owner Inc
BM Land Owner Inc	12,500,000	-	-	-	2062	3.90%	Ground Lease
Bolton - Sponsor Loan	500,000	500,000	18,454	23,608	2035	2.66%	NHPF/UA II, LLC
Bolton North, LP	23,935,000	24,370,000	62,222	188,025	2034	variable	Maryland Community Development Administration
C/HP Cove, Inc. (Clipper)	15,075,904	15,493,771	48,293	49,632	2023	3.72%	PNC Bank
C/HP Cove, Inc. (Clipper)	8,081,192	7,778,539	35,907	36,485	2023	5.16%	PNC Bank
Clipper	478,679	570,534	3,391	4,041	At Recapitalization	8.50%	TPI
Clipper	718,018	855,801	5,086	6,062	At Recapitalization	8.50%	NHPF
Center City Apt Urban Renewal, LLC	4,397,952	4,456,706	14,037	16,453	2054	4.43%	ORIX Real Estate capital LLC
Cleme - City Loan	3,000,000	3,000,000	131,178	422,881	2024	2.99%	Jamestown Affordable Housing, Inc.
Cleme - Owner Loan	1,260,000	1,260,000	-	70,322	2024	2.99%	Jamestown Affordable Housing, Inc.
Cleme Manor Holdings, LLC	17,851,305	17,966,242	585,903	-	At Conversion	3.25%	PNC Bank
Columbia Heights Village Apartments LP	57,862,877	59,679,449	175,824	180,895	2022	3.52%	Enterprise Mortgage Investments, LLC
Columbia Heights Village Apartments LP	27,979,195	28,499,839	112,685	114,609	2022	4.67%	Bellwether Enterprise Mortgage Investments, LLC
Falls Church-Winter Hill	7,230,469	7,353,044	27,894	28,366	2028	4.78%	Jones Lang LaSalle Multifamily LLC

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

Affiliated Entity	2020	2019	2020 Accrued Interest	2019 Accrued Interest	Maturity Date	Interest Rate	Lenders
	Mortgage/Loan/Note Balance	Mortgage/Loan/Note Balance					
Forest Park - NHPF Loan	1,450,000	1,450,000	193,189	178,689	2037	1.00%	NHPF
Forest Park - Seller Loan	583,106	940,978	2,298	3,177	2037	1.00%	Forest Park Affordable Housing, Inc.
Forest Park	4,521,550	4,636,177	26,325	26,324	2027	6.80%	Pacific Life Insurance Company
Foxwood Preservation -SWAP	1,766,818	-	-	-	-	-	SWAP/ Derivative
Foxwood Preservation - Seller Loan	12,800,000	12,800,000	8,370,682	7,507,293	2046	4.24%	Foxwood Affordable Housing, Inc.
Foxwood Preservation Partners, LP	10,604,465	10,784,341	63,234	-	2046	variable	Pennsylvania Housing Finance Agency
Harvest Home	184,250	184,250	87,008	66,915	2049	8.00%	NHPF
Harvest Homes Apartments LP	570,174	587,225	2,849	2,849	2036	5.79%	JPMorgan Chase Bank,
Harvest Homes Apartments LP	1,048,367	1,039,544	248,190	-	2049	7.00%	The Peoples Community Development Association of Chicago
Hollander Ridge Investor, LLC	9,445,650	-	126,467	-	2062	2.00%	Seller Loan
Hollander Ridge Investor, LLC	2,379,000	-	31,852	-	2062	2.00%	BAHD Loan
Hollander Ridge Investor, LLC	16,531,655	-	38,760	-	2060	4.17%	CDA from Citibank
Hollander Ridge Investor, LLC	2,250,000	-	-	-	2062	2.00%	CDA/ RHW Loan
Hollybush Preservation - Seller Loan	5,521,414	5,622,390	89,311	108,122	2055	3.28%	NHPF
Hollybush Preservation Partners, LP	13,755,000	13,920,000	120,949	121,877	2022	2.25%/3.55%	New Jersey Housing and Mortgage Finance Agency
Irvine Turner Apts Urban Renewal, LLC	8,692,237	8,808,359	27,743	32,518	2054	4.43%	ORIX Real Estate capital LLC
Jamestown	4,260,000	4,260,000	-	-	2024	0.00%	Dept. of Housing and Community Development
Mark Twain NHPF LLC -	2,565,584	2,565,584	81,454	13,256	2060	6.00%	Chicago Community Loan Fund
Mark Twain NHPF LLC - ComEd	148,892	74,446	-	-	2060	0.00%	ComEd
Mark Twain NHPF LLC - Sponsor Loan	1,550,000	1,614,337	304,981	130,854	2060	8.00%	NHPF
Mark Twain NHPF LLC	900,000	-	10,230	-	2060	8.00%	NHPF
Mark Twain NHPF, LLC	closed	25,030,803	-	94,838	2060	4.40%	Bellwether Enterprises Real Estate Capital, LLC
Mark Twain NHPF, LLC	27,151,180	27,325,000	468,860	50,096	2060	4.40%	The Huntington National Bank
Mark Twain NHPF, LLC	4,990,000	4,805,136	13,256	71,549	2060	8.00%	City of Chicago
Nannie Helen NHPF,	1,400,000	1,000,000	29,801	-	2021	5.4%,6.8%, 8.5%	NHT Loan Nannie Helen
Nannie Helen Owner LLC (The Strand )	13,079,236	8,495,366	670,357	118,598	2057	3.00%	Office of the Deputy Mayor for Planning and Economic Development
Nannie Helen Owner LLC (The Strand )	19,500,000	19,500,000	117,813	1,037	2039	1.40%	Construction Bond_DCHFA_U.S. Bank, N.A, Trustee
Nannie Helen Owner LLC (The Strand )	1,683,959	304,420	3,213	-	2021	8.00%	Construction loan payable - Citibank
Nannie Helen Owner LLC (The Strand )	1,400,000	322,388	-	940	-	5.4%,6.8%, 8.5%	Nannie Helen NHPF,
New Covent, LLC	5,000,000	5,000,000	23,823	68,163	2019	5.25%	Community Investment Corporation
New Covent, LLC	2,220,000	2,220,000	11,313	10,918	2019	6.00%	Chicago Community Loan Fund
NHPF	1,083,428	1,187,570	12,189	21,802	2023	4.50%	Prudential Insurance Company of America
NHPF	949,000	-	-	-	2021	1.00%	PPP Loan( forgivable )
NHPF	250,000	-	-	-	2021	5.00%	Predevelopment Loan /Hotel Covent LISC
NHPF	900,000	-	-	-	2021	0.00%	Federal Home Loan Bank /Mark Twain
NHPF	1,750,000	2,250,000	13,417	17,250	2023	3.00%	Prudential Insurance Company of America
Orange Preservation - Seller Loan	17,800,000	17,800,000	5,246,000	4,684,996	2052	3.53%	Orange Affordable Housing, Inc.
Orange Preservations Partners, LP	16,610,000	16,895,000	248,434	251,816	2028	4.84%	New Jersey Housing and Mortgage Finance Agency
Overlook Owner, LP	10,326,959	-	-	-	Conversion	5.66%	LIIF Housing Preservation Fund, LLC
Plaza B II - HDC 2nd	1,920,000	1,920,000	75,373	1,495	2046	1.00%	New York City Housing Development Corporation
Plaza B II-Gap Note	109,190	109,190	24,079	15,800	2046	3.14%	Plaza Borinquen 88 Owner L.P.
Plaza B II-Reserve Note	336,256	336,256	-	61,289	2046	3.14%	Plaza Borinquen 88 Owner L.P.
Plaza B II-Seller Note	4,250,669	4,250,669	957,062	787,254	2046	3.14%	Plaza Borinquen 88 Owner L.P.
Plaza Borinquen 88 Owner II LP	7,986,953	8,108,182	39,602	41,698	2046	5.95%	New York City Housing Development Corporation
Plaza Borinquen 88 Owner LP(Seller)	46,827	-	-	-	-	1.00%	PPP Loan( forgivable )
Preservation Housing IV, L.L.C. (Walnut)	1,000,000	1,000,000	27,950	84,341	2051	1.00%	TCAP - Louisiana Housing and Finance Agency

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

Affiliated Entity	2020	2019	2020 Accrued Interest	2019 Accrued Interest	Maturity Date	Interest Rate	Lenders
	Mortgage/Loan/Note Balance	Mortgage/Loan/Note Balance					
Preservation Housing IV, L.L.C. (Walnut)	2,182,513	2,287,821	80,420	13,975	2028	7.33%	Pacific Life Insurance Company
Preservation Housing IV, L.L.C. (Walnut)	19,925,027	19,842,013	93,042	110,173	2044	1.00%	Louisiana Housing Finance Authority
Preservation Housing IV, L.L.C. (Walnut)	1,045,001	1,045,001	131,250	120,800	2044	1.00%	NHPF
Preservation Housing IV, L.L.C. (Walnut)	600,000	600,000	75,374	69,374	2044	1.00%	NHPF
Preservation Housing IV, L.L.C. (Walnut)	250,000	250,000	170,630	157,755	2027	5.15%	NHPF
Princess Anne Owner, LP	10,789,580	9,397,500	19,217	48,230	2019	5.96%	LIIF Housing Preservation Fund, LLC
Princess Anne Owner, LP	11,000,000	-	4,919	-	2022	0.58%	Construction Bond/AGM Financial Services, Inc/Collateral Fund
Ridgecrest	21,075,000	21,075,000	83,662	83,662	2024	4.61%	JP Morgan Chase Bank
Ridgecrest	7,500,000	7,500,000	29,063	287,813	2023	4.50%	DHCD/Capital Impact Partners
Ridgecrest Court	2,525,000	2,525,000	213,405	311,724	2024	4.61%	Parklands, Inc.
Ship's Cove Preservation Partners	10,332,014	10,495,938	35,951	35,951	2034	4.09%	Massachusetts Development Finance Agency
St. Luke's GP-Promissory Note	2,268,419	1,111,865	155,085	66,136	N/A	0.00%	NHPF
St. Luke's Preservation	1,111,865	1,111,865	155,085	66,136	N/A	0.00%	St. Lukes GP/NHPF
St. Luke's Preservation	413,548	-	-	-	N/A	0.00%	St. Lukes GP/NHPF
St. Luke's Preservation - Seller Loan	4,815,000	4,815,000	2,743,213	2,440,653	2044	4.17%	Cornerstone/St. Luke's, Inc.
St. Luke's Preservation Partners, LP	4,000,000	4,000,000	10,436	-	2042	variable	Industrial Development Authority of the City of St. Louis, Misso
Takoma	18,125,000	16,570,000	79,599	72,770	2021	5.27%	District of Columbia Housing Finance Agency
Takoma	34,800	34,800	3,299	1,559	2020	8.00%	Falls Church
Takoma Place SM LLC	13,637,505	13,637,505	1,172,677	-	2057	3.00%	DC Department of Housing and Community Development
The Pines Owner	3,700,000	3,700,000	20,813	20,813	2023	6.75%	LIIF Housing Preservation Fund, LLC
The Pines Owner, LLC	13,882,934	14,192,356	41,808	41,808	2023	3.35%	Jones Lang LaSalle Multifamily, LLC
Wade Road Investor, LLC (Parkchester)	6,114,923	6,229,857	9,730	37,739	2056	1.00%	DC Department of Housing and Community Development
Wade Road Investor, LLC (Parkchester)	9,227,749	9,366,429	36,981	-	2056	variable	Citibank NA
Woodmont Crossing Investor, LLC	24,818,161	25,096,216	544,191	445,333	2058	4.40%	District of Columbia Housing Finance Agency
NHPF Houston LLC	400,000	-	467	-	Closing	6.00%	LISC Predevelopment Loan
NHPF Texas LLC	1,489,882	-	3,694	-	2023	5.25%	Capital Impact Partners Loan
CHCDC Affordable Elderly LLC	390,000	-	-	-	Closing	7.00%	NHPF Houston LLC
CHCDC Affordable Elderly LLC	692,850	-	-	-	Closing	7.00%	NHPF Texas LLC
Magnificat Permanent Affordable LLC	269,274	-	-	-	Closing	7.00%	NHPF Texas LLC
Temenos Permanent Affordable LLC	153,272	-	-	-	Closing	7.00%	NHPF Texas LLC
Trinity East Family, LLC	341,838	-	-	-	Closing	7.00%	NHPF Texas LLC
Notes and construction loans payable	\$ 853,430,154	\$ 732,381,171	\$ 27,520,332	\$ 21,529,390			
Eliminations	(90,937,017)	(73,427,367)	(20,256,865)	(17,480,179)			
Notes and construction loan payable, net	762,493,137	658,953,804	\$ 7,263,467	\$ 4,049,211			
Unamortized debt issuance	(18,175,065)	(11,985,297)					
Accrued interest	7,263,467	4,049,211					
Notes and construction loans payable, net of unamortized debt issuance costs	\$ 751,581,539	\$ 651,017,718					

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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For the years ended December 31, 2020 and 2019, total interest costs of \$26,792,020 and \$21,503,675, respectively, were incurred, of which \$360,400 and \$542,797, respectively were capitalized and \$26,431,620 and \$20,960,878, respectively were expensed. For the years ended December 31, 2020 and 2019, amortization of debt issuance costs were \$2,292,407 and \$1,803,680, respectively, of which \$157,151 and \$65,997, respectively, were capitalized and \$2,135,256 and \$1,737,683, respectively were expensed and were included in total interest costs expensed. For the years ended December 31, 2020 and 2019, the unrealized gain (loss) on the interest rate liability of (\$346,404) and (\$359,016), respectively, were included in total interest costs expensed.

Debt issuance costs, net of accumulated amortization, as of December 31, 2020 and 2019, totaled \$18,175,065 and \$11,985,297, respectively, and are related to the mortgages, notes and construction loans payable. Amortization of the debt issuance costs is based on imputed rates ranging from 5.63% to 8.40%.

As of December 31, 2020 and 2019, 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
2021	\$ 36,050,899
2022	108,328,527
2023	43,244,675
2024	4,487,669
2025	5,855,398
Thereafter	<u>564,525,969</u>
	762,493,137
Unamortized debt issuance costs	<u>(18,175,065)</u>
	<u>\$ 744,318,072</u>

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### 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 Preservation pays a fixed interest rate of 3.81% per annum and receives a floating rate based on the USD-SIFMA Municipal Swap Index (.09% and 1.58% at December 31, 2020 and 2019, 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 (.09% and 1.58% at December 31, 2020 and 2019, 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, 2020 and 2019 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, 2020 and 2019. At December 31, 2020 and 2019, the interest rate swap contracts represent a liability of \$2,439,769 and \$2,093,365, which is included in other long-term liabilities on the consolidated statements of financial position.

### **NOTE 10 - 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, 2020 and 2019 totaled \$1,086,773 and \$1,324,382, 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, 2020, are as follows:

2021	\$	1,004,587
2022		1,060,442
2023		1,096,178
2024		1,122,047
2025		1,148,527
Thereafter		<u>1,340,773</u>
	\$	<u>6,772,554</u>

# THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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### NOTE 11 - 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 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, 2020 and 2019

The loss on the interest rate swap contracts of \$346,404 for 2020 and the loss on the interest rate swap contracts of \$359,016 for 2019, 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, 2020 or 2019. The following tables present the fair value of liabilities measured on a recurring basis as of December 31, 2020 and 2019:

	Level 1	Level 2	Level 3	December 31, 2020 Net balance
Interest rate swap contracts	\$ -	\$ 2,439,769	\$ -	\$ 2,439,769

  

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

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, 2020 and 2019, 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, 2020 and 2019

### NOTE 12 - ACQUISITION AND DISPOSITION OF PROPERTIES

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

Date	Property	Location	Units	Purchase price	Funding
10/4/2019	Berry Manor Owner, LLC	Chicago, IL	57	\$ 4,933,000	LIIF, 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	94	\$ 6,553,803	\$8.871M FHA 223F Loan + Owner Equity
11/26/2019	Brooklyn Port - Harbor Hill **	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
12/23/2019	Pelican Isles Apartments (TPI) ***	Sebastian, FL	150	\$ 8,800,000	\$7.761M FHA 223F Loan + Owner Equity
1/8/2020	Anacostia Gardens Owner, LLC	Washington DC	100	\$ 31,779,298	LIHTC Equity
5/17/2020	17 Mississippi Owner, LLC *****	Washington DC		\$ 1,048,507	\$2.1 Predevelopment Loan from LIISC and \$89K equity from NHPF
4/29/2020	Hollander Ridge Investor, LLC	Baltimore, MD	94	\$ 18,172,042	\$19.875M First Mortgage CDA MD, \$2.379M BAHD Loan, \$9.4M Seller Loan, \$2.5M RSW Construction Loan, \$10.7M Equity
7/22/2020	Exchange Place Preservation Partners, LLC *****	Waterbury, CT	150	\$ 13,500,000	\$14.250M FHA(HUD) Loan, \$4M Promissory Note with State of Connecticut Department of Housing; \$6M Equity; \$2.3M Equity Bridge Loan
9/20/2020	Blue Mountain Owner, LLC	Boston, MA	217	\$ 56,200,000	\$52.25M Mass Housing Mortgage, \$4.5M Blue Hub Bridge Loan, \$9.3M LIHTC Equity
10/1/2020	Victoria Gardens Apartments, LLC *****	Spartanburg, SC	80	\$ 3,200,000	\$10.41M Citibank Loan, \$4.4M Housing Authority Loans, \$4.7M LIHTC Equity
11/24/2020	Overlook Owner, LP	Fredrick, MD	64	\$ 10,326,959	\$10.33M LIIF Loan

\* 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%

\*\*\*\*\* NHPF acquired 75% of ownership in the property to become a controlling member.

17 Mississippi Avenue, SE, is a vacant parcel on a sloping, quarter acre lot in the Congress Heights neighborhood of Southeast Washington, D.C.

\*\*\*\*\* NHPF controls 50% of the managing member

\*\*\*\*\* NHPF is a Co-Developer on Victoria Gardens Apartments.

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

Date	Property	Location	Sales Price
1/8/2020	Anacostia Gardens Investor LLC	Washington, DC	\$ 9,300,000

The following table represents net deficits transferred in during the years ended December 31, 2020 and 2019 from acquisition of general partner interests in the following properties:

	2020	2019
NDFD LLC	\$ (3,047,643)	\$ (2,107,632)
	\$ (3,047,643)	\$ (2,107,632)

There were no excess of revenue over expenses from discontinued operations for the years ended December 31, 2020 and 2019.

## THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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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 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, 2020 and 2019 are as follows:

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

\*The property was sold out of the Fund on July 22, 2020

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 Company’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 has two investor members: Capital Impact Partner with 96% ownership and the Organization with 4% ownership.

#### **NOTE 13 - RESTRICTIONS AND LIMITATIONS ON NET ASSETS**

During the years ended December 31, 2020 and 2019, net assets released from temporary donor restrictions and the events and transactions which caused the restrictions to expire are \$196,853 and \$10,101, respectively, for expenses incurred for donor specified purposes.

As of December 31, 2020 and 2019, the balance of donor restricted net assets was \$95,100 and \$52,523, respectively, which is comprised of gifts and other unexpended revenue restricted to specific programs.

#### **NOTE 14 - 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, 2020 and 2019

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### NOTE 15 - 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 NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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>
Anacostia Gardens	LIHTC	Yes - Not yet active	Yes	Yes
Bayview Preservation	LIHTC	No	Yes	N/A
Benning	LIHTC	Yes	Yes	No
Blue Mountain	LIHTC	Yes - Not yet active	Yes	Yes
Bolton North	LIHTC	Yes	Yes	No
Exchange Place	LIHTC	Yes - Not yet active	Yes	Yes
CHA	LIHTC	N/A	Yes	N/A
Cleme	LIHTC	Yes - Not yet active	Yes	N/A
Forest Park	LIHTC	No	Yes	N/A
Foxwood Preservation	LIHTC	No	Yes	N/A
Harvest Homes	LIHTC	Yes	Yes	N/A
Hollander Ridge	LIHTC	Yes - Not yet active	Yes	Yes
Hollybush Preservation	LIHTC	No	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	No	Yes	N/A
Princess Anne	LIHTC	Yes - Not yet active	Yes	Yes
Roundtree	LIHTC	No	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
Victoria Gardens Apartments, LLC	LIHTC	N/A	N/A	Yes
Walnut Square	LIHTC	No	Yes	N/A
Woodmont	LIHTC	Yes	Yes	N/A

### 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.

### Coronavirus

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. The Organization is not able to reliably estimate the length or severity of this outbreak and the related financial impact.

### **NOTE 16 - 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 NHP FOUNDATION AND ITS AFFILIATED ENTITIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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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. The Origination Period ended during 2018.

### NOTE 17 - 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 2020 and 2019, 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, 2020 and 2019.

### NOTE 18 - 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 June 25, 2021 (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. However, certain subsequent events have occurred that require disclosure as discussed in the following paragraphs:

On April 16, 2020, NHPF received \$939,000 PPP forgivable loan and \$10,000 one-time grant from SBA to sustain the operations during pandemic. Application for forgiveness with all required documentation was submitted to PNC on January 8, 2021. On April 30, 2021, management received communication from SBA stating that the entire loan amount was forgiven. Currently PPP loan is part of “Notes payable and accrued interest” on the accompanying statement of financial position. In 2021, the PPP Loan will be recognized to Profit and Loss section of the audited financial statements as Revenue on Debt Forgiveness.

On February 22, 2021, the NHP Foundation was awarded a \$5.5M Capital grant through the Treasury Department’s Capital Magnet Fund program. This program allows qualified housing organizations to apply for, and use grants funds to provide predevelopment, acquisition, and construction bridge financing to low-income housing projects throughout the country. NHPF was

## THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2020 and 2019

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one of 48 organizations that received over \$175M in grant funds (the average grant size was \$3.6M) from over 137 applicants. On April 30, 2021, NHPF received \$5.5M of Capital Magnet Fund Award. The funds were deposited into a separate bank account and will be presented as a component of Restricted Cash on the statement of financial position.

Sunset Bay Apartments (“SBA” or the “Property”) is a 308 unit, garden style apartment in Cutler Bay, FL. Located in the center of Miami-Dade County, the complex is comprised of thirteen (13) 3-story residential buildings and two (2) accessory structures with 562 parking spaces, spread over 13.5 acres. Units are a mix of one-, two-, three-bedrooms and amenities include a clubhouse, business center, fitness center, pool, and playground. On May 28, 2021 Sunset Bay Apartments closed into LIHTC transaction that includes the acquisition of land and buildings. The project entered an ownership partnership as managing member with TPI, with an investor member. NHPF and TPI are joint and several partners. The primary source of new debt financing is a 40-year FHA 241(a) loan, that when combined with the existing FHA 223(f), become the first mortgage. The 223(f) loan matures in 2051 with a rate of 2.89%. In addition, equity from the sale of 4% LIHTC (88.5 cents), 223(f) Reserve balances, Cash from Operations during construction, a Seller Note, and Deferred Developer Fee Note complete the list of sources.

Clipper Cove is 384-unit apartment complex with 25 building in Boynton Beach, FL. The property was built in 1986 with the conventional market in mind with amenities such as tennis and racquetball courts, two pools and a large clubhouse that are part of the well-landscaped, 50+ acre campus. On May 28, 2021 Clipper Cove Apartments refinanced the existing \$23,000,000 with 5.75% interest rate loan into new \$40,000,000 with 3.36% interest rate. NHPF has 60% interest in the ownership of the property. TPI, a Florida-based 501(c) (3), owns other 40% of the project. The loan will be used to pay off the existing property debts, including the ones incurred to fund the repairs to the roofs and buildings caused by Hurricane Irma in September 2017. The debt service savings will also improve the cash surplus distributable to all stakeholders.

## 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, 2020, and our report thereon dated June 25, 2021, 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 49 through 51, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of 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.

*CohnReznick LLP*

Bethesda, Maryland  
June 25, 2021



THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020

	NHPF	Operation Pathways	Interstate	FCHC Falls Church	Workforce Affordable Housing Fund	NHPF Texas	NHPF Houston	All Real Estate Entities	Other Entities	Subtotal	Consolidated Eliminations	Total
Assets:												
Cash and cash equivalents												
Cash - restricted	\$ 4,065,921	\$ -	\$ -	\$ 38,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,104,176	\$ -	\$ 4,104,176
Cash - deposits and escrows	-	-	-	234,069	393,511	-	-	67,288,708	1,045,499	68,961,787	-	68,961,787
Cash - unrestricted	8,862,861	121,065	23,071	2,608,901	3,216,444	-	-	10,738,065	155,819	25,726,226	-	25,726,226
<b>Total cash and cash equivalents</b>	<b>12,928,782</b>	<b>121,065</b>	<b>23,071</b>	<b>2,881,225</b>	<b>3,609,955</b>	<b>-</b>	<b>-</b>	<b>78,026,773</b>	<b>1,201,318</b>	<b>98,792,189</b>	<b>-</b>	<b>98,792,189</b>
Current assets												
Accounts receivable	43,846	565	-	(2,836)	146,721	-	-	2,499,448	11,850	2,699,594	(188,765)	2,510,829
Grants receivable	50,000	714	-	-	-	-	-	-	-	50,714	-	50,714
Other current assets	411,260	-	-	14,953	156,308	-	-	2,297,921	85,966	2,966,408	-	2,966,408
Developers fees receivable, current	2,458,514	-	-	-	-	-	-	-	-	2,458,514	-	2,458,514
Other receivable:												
Predevelopment costs	5,831,465	-	-	-	-	-	-	3,663,232	-	9,494,697	(18,357)	9,476,340
Working capital advances receivable	8,034,645	-	744,710	-	-	-	-	-	376,587	9,155,942	(9,155,942)	-
Development advances receivable	2,589,985	-	-	-	-	-	-	-	-	2,589,985	(2,589,985)	-
<b>Total current assets</b>	<b>32,348,497</b>	<b>122,344</b>	<b>767,781</b>	<b>2,893,342</b>	<b>3,912,984</b>	<b>-</b>	<b>-</b>	<b>86,487,374</b>	<b>1,675,721</b>	<b>128,208,043</b>	<b>(11,953,049)</b>	<b>116,254,994</b>
Non-current assets												
Fixed assets, net	205,984	-	-	3,779,361	102,590,872	-	-	645,898,463	5,796,239	758,270,919	(35,057,667)	723,213,252
Construction in progress	-	-	-	-	-	-	-	68,898,437	-	68,898,437	-	68,898,437
Intangible assets, net	-	-	-	-	3,077,747	-	-	4,452,505	37,399	7,567,651	(2,080,560)	5,487,091
Notes receivable and accrued interest	14,108,568	-	-	1,634,131	-	1,461,482	390,607	12,500,000	85,677,693	115,772,481	(114,433,104)	1,339,377
Developers fees receivable, net of current	18,076,883	-	-	-	-	-	-	-	-	18,076,883	(10,554,880)	7,522,003
Asset, partnership and incentive management fees receivable	39,056	-	5,465	-	-	-	-	-	992,418	1,036,939	(1,019,064)	17,875
Due from affiliates	93,201	169,091	-	88,151	-	-	-	1,572,656	392,960	2,316,059	(2,316,059)	-
Investments in housing funds	60,903,886	-	-	-	57,478,404	-	-	-	(36,576)	118,345,714	(116,486,706)	1,859,008
<b>Total non-current assets</b>	<b>93,427,578</b>	<b>169,091</b>	<b>5,465</b>	<b>5,501,643</b>	<b>163,147,023</b>	<b>1,461,482</b>	<b>390,607</b>	<b>733,322,061</b>	<b>92,860,133</b>	<b>1,090,285,083</b>	<b>(281,948,040)</b>	<b>808,337,043</b>
<b>Total assets</b>	<b>\$ 125,776,075</b>	<b>\$ 291,435</b>	<b>\$ 773,246</b>	<b>\$ 8,394,985</b>	<b>\$ 167,060,007</b>	<b>\$ 1,461,482</b>	<b>\$ 390,607</b>	<b>\$ 819,809,435</b>	<b>\$ 94,535,854</b>	<b>\$ 1,218,493,126</b>	<b>\$ (293,901,089)</b>	<b>\$ 924,592,037</b>

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

December 31, 2020

	NHPF	Operation Pathways	Interstate	FCHC Falls Church	Workforce Affordable Housing Fund	NHPF Texas	NHPF Houston	All Real Estate Entities	Other Entities	Subtotal	Consolidated Eliminations	Total
Liabilities:												
Current liabilities												
Accounts payable and accrued expenses	\$ 1,492,684	\$ 152,083	\$ -	\$ 109,914	\$ -	\$ -	\$ -	\$ 5,047,786	\$ 43,696	\$ 6,846,163	\$ -	\$ 6,846,163
Other current liabilities	76,104	8,156	-	48,926	303,749	-	-	13,051,087	159,420	13,647,442	35,680	13,683,122
Notes payable and accrued interest, current	-	-	-	-	-	-	-	40,843,629	-	40,843,629	(35,680)	40,807,949
Developers fees payable, current	-	-	-	-	-	-	-	2,458,514	-	2,458,514	-	2,458,514
Predevelopment, working capital advances and accrued interest	341,617	-	-	109,024	-	-	-	9,781,733	96,523	10,328,897	(10,328,897)	-
<b>Total current liabilities</b>	<b>1,910,405</b>	<b>160,239</b>	<b>-</b>	<b>267,864</b>	<b>303,749</b>	<b>-</b>	<b>-</b>	<b>71,182,749</b>	<b>299,639</b>	<b>74,124,645</b>	<b>(10,328,897)</b>	<b>63,795,748</b>
Long-term liabilities												
Notes payable and accrued interest, net of current maturities	4,956,226	-	-	7,143,097	81,130,355	1,460,926	390,467	702,132,875	12,564,022	809,777,968	(99,004,378)	710,773,590
Developers fees payable, net of current portion	-	-	-	-	-	-	-	22,442,892	-	22,442,892	(10,554,879)	11,888,013
Asset, partnership and incentive management fees payable	-	-	-	-	141,503	-	-	1,588,196	40,497	1,770,196	(1,168,077)	602,119
Investments in housing funds	-	-	-	-	-	-	-	-	-	-	4,688,028	4,688,028
Due to affiliates	5,987	-	1,320	88,700	-	-	-	1,909,640	400,233	2,405,880	(2,405,880)	-
Other long-term liabilities	6,724,206	7,061	-	2,689	86,842	-	-	13,267,457	4,901	20,093,156	(12,512,706)	7,580,450
<b>Total long-term liabilities</b>	<b>11,686,419</b>	<b>7,061</b>	<b>1,320</b>	<b>7,234,486</b>	<b>81,358,700</b>	<b>1,460,926</b>	<b>390,467</b>	<b>741,341,060</b>	<b>13,009,653</b>	<b>856,490,092</b>	<b>(120,957,892)</b>	<b>735,532,200</b>
<b>Total liabilities</b>	<b>13,596,824</b>	<b>167,300</b>	<b>1,320</b>	<b>7,502,350</b>	<b>81,662,449</b>	<b>1,460,926</b>	<b>390,467</b>	<b>812,523,809</b>	<b>13,309,292</b>	<b>930,614,737</b>	<b>(131,286,789)</b>	<b>799,327,948</b>
Net assets:												
Without donor restrictions - controlling	112,179,251	29,035	771,926	892,635	85,397,558	556	140	7,285,626	81,226,562	287,783,289	(162,614,300)	125,168,989
Without donor restrictions - noncontrolling	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>112,179,251</b>	<b>29,035</b>	<b>771,926</b>	<b>892,635</b>	<b>85,397,558</b>	<b>556</b>	<b>140</b>	<b>7,285,626</b>	<b>81,226,562</b>	<b>287,783,289</b>	<b>(162,614,300)</b>	<b>125,168,989</b>
Net assets with donor restrictions	-	95,100	-	-	-	-	-	-	-	95,100	-	95,100
<b>Total net assets</b>	<b>112,179,251</b>	<b>124,135</b>	<b>771,926</b>	<b>892,635</b>	<b>85,397,558</b>	<b>556</b>	<b>140</b>	<b>7,285,626</b>	<b>81,226,562</b>	<b>287,878,389</b>	<b>(162,614,300)</b>	<b>125,264,089</b>
<b>Total liabilities and net assets</b>	<b>\$ 125,776,075</b>	<b>\$ 291,435</b>	<b>\$ 773,246</b>	<b>\$ 8,394,985</b>	<b>\$ 167,060,007</b>	<b>\$ 1,461,482</b>	<b>\$ 390,607</b>	<b>\$ 819,809,435</b>	<b>\$ 94,535,854</b>	<b>\$ 1,218,493,126</b>	<b>\$ (293,901,089)</b>	<b>\$ 924,592,037</b>

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

Year ended December 31, 2020

	NHPF	Operation Pathways	Interstate	FCHC Falls Church	Workforce Affordable Housing Fund	NHPF Texas	NHPF Houston	All Real Estate Entities	Other Entities	Subtotal	Consolidated Eliminations	Total
Rent revenue, net	\$ -	\$ -	\$ -	\$ 1,416,195	\$ 8,503,587	\$ -	\$ -	\$ 76,255,978	\$ 951,619	\$ 87,127,379	\$ -	\$ 87,127,379
Developer fee revenue	10,638,435	-	-	-	-	-	-	-	-	10,638,435	(115,956)	10,522,479
Contributions and grants	9,223,835	608,367	-	278,247	-	-	-	64,092	422,058	10,596,599	(9,578,675)	1,017,924
Asset, partnership and incentive management fees	69,122	-	78,160	-	-	-	-	-	459,389	606,671	(585,651)	21,020
Financial revenue	159,080	-	-	14,789	-	-	-	426,293	990	601,152	-	601,152
Interest income	731,077	-	-	25,157	-	4,250	607	121,875	3,260,739	4,143,705	(4,128,700)	15,005
Other revenue	402,823	1,174,501	-	4,282	694,704	-	-	2,178,542	12,766	4,467,618	(26,000)	4,441,618
<b>Total revenue</b>	<b>21,224,372</b>	<b>1,782,868</b>	<b>78,160</b>	<b>1,738,670</b>	<b>9,198,291</b>	<b>4,250</b>	<b>607</b>	<b>79,046,780</b>	<b>5,107,561</b>	<b>118,181,559</b>	<b>(14,434,982)</b>	<b>103,746,577</b>
Payroll and related	7,711,153	428,029	-	579,206	774,791	-	-	11,009,110	130,181	20,632,470	-	20,632,470
Maintenance and repairs	-	1,416	-	204,426	990,513	-	-	12,901,646	222,226	14,320,227	-	14,320,227
Utilities	-	-	-	107,729	405,350	-	-	7,763,262	135,025	8,411,366	-	8,411,366
Professional fees	1,025,341	156,859	1,240	9,566	55,147	-	-	947,426	113,895	2,309,474	-	2,309,474
Management and administration	721,149	260,971	-	21,992	346,144	-	-	2,643,954	189,533	4,183,743	-	4,183,743
Rental expenses	1,064,566	-	-	-	1,430,133	-	-	191,249	-	2,685,948	(66,667)	2,619,281
Advertising and marketing	255,921	2,543	-	4,700	92,910	-	-	214,514	663	571,251	-	571,251
Travel	220,148	18,652	-	-	883	-	-	17,298	-	256,981	-	256,981
Taxes and insurance	139,452	17,270	80	52,668	300,310	-	-	8,538,685	158,801	9,207,266	-	9,207,266
Asset, partnership and incentive management fees	907,968	-	-	114,619	394,051	-	-	3,962,211	70,674	5,449,523	(670,894)	4,778,629
Grants and contributions expense	408,356	-	50,000	73,412	-	-	-	3,467	8,562,310	9,097,545	(9,039,577)	57,968
Financing fees	-	-	-	-	84,609	-	-	764,061	-	848,670	(41,511)	807,159
Depreciation and amortization	139,620	-	-	146,561	-	-	-	18,675,083	194,810	19,156,074	(427,707)	18,728,367
Other operating expenses	330	737,376	-	-	-	-	-	227,636	-	965,342	-	965,342
Interest	113,351	-	-	331,900	3,529,095	3,694	467	25,752,972	393,088	30,124,567	(3,692,947)	26,431,620
Non-operating expenses	572,859	47,015	-	162	36,481	-	-	2,189,075	7,061,197	9,906,789	(7,358,402)	2,548,387
Other losses (income) in housing funds	7,173,719	-	-	500	(1,047,828)	-	-	295,954	1,071,062	7,493,407	(5,826,521)	1,666,886
<b>Total expense</b>	<b>20,453,933</b>	<b>1,670,131</b>	<b>51,320</b>	<b>1,647,441</b>	<b>7,392,589</b>	<b>3,694</b>	<b>467</b>	<b>96,097,603</b>	<b>18,303,465</b>	<b>145,620,643</b>	<b>(27,124,226)</b>	<b>118,496,417</b>
Excess of expense over revenue (expenses over revenue)	770,439	112,737	26,840	91,229	1,805,702	556	140	(17,050,823)	(13,195,904)	(27,439,084)	12,689,244	(14,749,840)
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	-	995,437	-	-	(16,583,373)	1,023,402	(14,564,534)	-	(14,564,534)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ 770,439	\$ 112,737	\$ 26,840	\$ 91,229	\$ 810,265	\$ 556	\$ 140	\$ (467,450)	\$ (14,219,306)	\$ (12,874,550)	\$ 12,689,244	\$ (185,306)



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