

**The NHP Foundation and its
Affiliated Entities**

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

December 31, 2021 and 2020

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The NHP Foundation

Opinion

We have audited the 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, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain affiliated entities, whose statements reflect total assets constituting \$417,373,910 and \$398,438,656, respectively, of consolidated total assets at December 31, 2021 and 2020, and total revenues of \$36,193,082 and \$32,336,165, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain affiliated entities, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "CohnReznick LLP".

Bethesda, Maryland
June 29, 2022

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

December 31, 2021 and 2020

	<u>Assets</u>	
	2021	2020
Assets:		
Cash and cash equivalents		
Cash - restricted	\$ 7,012,072	\$ 4,104,176
Cash - deposits and escrows	111,270,382	68,961,787
Cash - unrestricted	32,250,000	25,726,226
Total cash and cash equivalents	150,532,454	98,792,189
Current assets		
Accounts receivable, net	3,828,138	2,510,829
Grants receivable	50,000	50,714
Prepaid expenses and other current assets	3,796,531	2,966,408
Developers fees receivable, current	5,590,401	2,458,514
Other receivable:		
Predevelopment costs	10,805,344	9,476,340
Development advances receivable	82,507	-
Total current assets	174,685,375	116,254,994
Non-current assets		
Land, building, improvements and equipment, net	783,456,243	723,213,252
Construction in progress	82,494,473	68,898,437
Intangible assets, net	4,206,552	5,487,091
Notes receivable and accrued interest, net	638,135	1,339,377
Developers fees receivable	10,718,424	7,522,003
Asset, partnership and incentive management fees receivable	128,942	17,875
Due from affiliates	3,592	-
Investments in operating entities	1,731,900	1,859,008
Total non-current assets	883,378,261	808,337,043
Total assets	\$ 1,058,063,636	\$ 924,592,037

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED

December 31, 2021 and 2020

	<u>Liabilities and Net Assets</u>	
	<u>2021</u>	<u>2020</u>
Liabilities:		
Current liabilities		
Accounts payable and accrued expenses	\$ 25,349,909	\$ 6,846,163
Other liabilities	4,250,582	13,683,122
Notes payable and accrued interest, current	36,942,710	40,807,949
Developers fees payable, current	5,590,401	2,458,514
Total current liabilities	<u>72,133,602</u>	<u>63,795,748</u>
Long-term liabilities		
Notes payable and accrued interest, net	846,850,622	710,773,590
Developers fees payable, net of current portion	14,098,371	11,888,013
Asset, partnership and incentive management fees payable	1,302,336	602,119
Investments in operating entities	4,884,598	4,688,028
Due to affiliates	100	-
Other long-term liabilities	12,510,088	7,580,450
Total long-term liabilities	<u>879,646,115</u>	<u>735,532,200</u>
Total liabilities	<u>951,779,717</u>	<u>799,327,948</u>
Commitments and contingencies	-	-
Net assets:		
Without donor restrictions - controlling	31,290,903	46,037,897
Without donor restrictions - noncontrolling	74,771,381	79,131,092
Total net assets without donor restrictions	<u>106,062,284</u>	<u>125,168,989</u>
Net assets with donor restrictions	<u>221,635</u>	<u>95,100</u>
Total net assets	<u>106,283,919</u>	<u>125,264,089</u>
Total liabilities and net assets	<u>\$ 1,058,063,636</u>	<u>\$ 924,592,037</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Public support and operating revenue:			
Rent revenue	\$ 94,058,778	\$ -	\$ 94,058,778
Developer fee revenue	14,051,374	-	14,051,374
Contributions and grants	5,531,238	205,560	5,736,798
Asset, partnership and incentive management fees	87,005	-	87,005
Interest revenue	47,608	-	47,608
Other revenue	6,171,844	-	6,171,844
Total public support and operating revenue	119,947,847	205,560	120,153,407
Net assets released from restrictions	79,025	(79,025)	-
Total public support and operating revenue	120,026,872	126,535	120,153,407
Expenses:			
Program services:			
Rental operations (includes \$22,636,700 in depreciation and amortization)	115,293,319	-	115,293,319
Acquisition and development	10,839,429	-	10,839,429
Asset management	1,075,172	-	1,075,172
Operation Pathways	1,490,777	-	1,490,777
Supporting services:			
Management and general (includes \$139,620 in depreciation and amortization)	7,357,271	-	7,357,271
Fundraising services	493,705	-	493,705
Total expenses	136,549,673	-	136,549,673
Excess of revenue over expenses (expenses over revenue)	(16,522,801)	126,535	(16,396,266)
Excess of expenses over revenue attributable to noncontrolling interests	18,801,414	-	18,801,414
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	\$ 2,278,613	\$ 126,535	\$ 2,405,148

See notes to consolidated financial statements

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

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 (expenses over revenue) revenue over expenses	(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 CHANGES IN NET ASSETS

Years ended December 31, 2021 and 2020

	Without donor restrictions			With donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2020	\$ 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	46,037,897	79,131,092	125,168,989	95,100	125,264,089
Transfers in and other equity adjustments	(17,025,607)	(11,369,785)	(28,395,392)	-	(28,395,392)
Capital contributions from noncontrolling interests, net of distributions and syndication costs	-	25,811,488	25,811,488	-	25,811,488
Excess of expenses over revenue attributable to noncontrolling interests	-	(18,801,414)	(18,801,414)	-	(18,801,414)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	2,278,613	-	2,278,613	126,535	2,405,148
Ending balance, December 31, 2021	<u>\$ 31,290,903</u>	<u>\$ 74,771,381</u>	<u>\$ 106,062,284</u>	<u>\$ 221,635</u>	<u>\$ 106,283,919</u>

See notes to consolidated financial statements

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

Year ended December 31, 2021

Nature of expenses:	Program services			Supporting services		Total	
	Rental operations	Acquisition and Development	Asset Management	Operation Pathways	Management and general		Fundraising
Payroll and related	\$ 13,782,443	\$ 4,923,295	\$ 1,051,507	\$ 661,358	\$ 2,606,118	\$ 144,326	\$ 23,169,047
Operating and maintenance expenses	27,143,068	-	-	-	1,084,496	-	28,227,564
Interest and finance fees	31,344,194	-	-	-	94,916	785	31,439,895
Taxes and insurance	10,270,018	-	-	-	110,931	-	10,380,949
Management fees	4,195,459	-	-	-	-	-	4,195,459
Accounting	660,740	-	-	10,700	133,170	-	804,610
Legal	303,175	6,605	-	-	101,861	557	412,198
Management and administration	4,024,490	16,603	11,572	241,535	1,541,045	29,485	5,864,730
Consulting	252,775	866,621	-	36,454	747,762	8,998	1,912,610
Marketing	382,957	1,567	-	1,331	5,777	179,988	571,620
Travel	16,696	22,066	12,093	33,270	239,453	70,766	394,344
Bad debt expense	280,604	2,508,086	-	-	137,944	-	2,926,634
Contributions expense	-	2,270,128	-	-	-	-	2,270,128
Depreciation and amortization	22,636,700	-	-	-	139,620	-	22,776,320
Other non-operating expense/minority interest	-	224,458	-	506,129	414,178	58,800	1,203,565
	<u>\$ 115,293,319</u>	<u>\$ 10,839,429</u>	<u>\$ 1,075,172</u>	<u>\$ 1,490,777</u>	<u>\$ 7,357,271</u>	<u>\$ 493,705</u>	<u>\$ 136,549,673</u>

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES – CONTINUED

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
Resident services	-	-	-	-	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 CASH FLOWS

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
(Deficit) of revenue over expenses	\$ (16,396,266)	\$ (14,749,840)
Adjustments to reconcile (deficit) of revenue over expenses to cash provided by operating activities:		
Depreciation and amortization	22,776,320	18,728,367
Bad debt expense	2,926,634	2,384,447
Paycheck Protection Program Loan forgiveness	(1,276,794)	-
Amortization of debt issuance costs	2,355,866	2,135,256
Unrealized loss (gain) on swap	826,583	346,404
Loss on disposal of fixed assets	137,970	174,967
Other loss (gain) in housing funds	(3,872,014)	1,314,708
Loss (income) from equity method investments	195,814	5,774
Increase (decrease) in operating assets:		
Prepaid expenses and other assets	(4,244,973)	(2,293,224)
Developer fee receivable	(6,328,308)	49,131
Due from affiliates	(3,492)	4,247,913
Grant receivable	714	(48,176)
(Increase) decrease in operating liabilities:		
Accounts payable and accrued expenses	11,897,743	3,169,351
Other liabilities	(6,010,167)	(7,084,584)
Accrued interest on mortgage, notes and construction loan payable	3,773,553	3,214,256
Net cash provided by operating activities	<u>6,759,183</u>	<u>11,594,750</u>
Cash flows from investing activities:		
Repayment (issuance) of notes receivable	701,242	242,057
Purchase of land, buildings, improvements and equipment	(77,212,987)	(132,390,165)
Net proceeds from (purchase of) other assets	977,818	(3,416,421)
Net (advances) reimbursements of working capital	(82,507)	1,094,215
Net deferred development costs (additions) reimbursements	(1,329,004)	(1,636,049)
Net proceeds from (purchase of) investment in housing funds	3,999,878	(1,106,883)
Net cash used in investing activities	<u>(72,945,560)</u>	<u>(137,213,246)</u>
Cash flows from financing activities:		
Net capital contributions received from noncontrolling interests	25,811,488	12,023,672
Proceeds from mortgages, notes and construction loans payable	133,256,191	160,144,338
Principal payments on mortgages, notes and construction loans payable	(35,198,600)	(56,605,005)
Payments for debt issuance costs	(5,942,437)	(8,325,023)
Net cash provided by financing activities	<u>117,926,642</u>	<u>107,237,982</u>
Net increase (decrease) in cash, restricted cash, and cash equivalents	51,740,265	(18,380,514)
Cash, restricted cash, and cash equivalents, beginning	<u>98,792,189</u>	<u>117,172,703</u>
Cash, restricted cash, and cash equivalents, ending	<u>\$ 150,532,454</u>	<u>\$ 98,792,189</u>

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

Years ended December 31, 2021 and 2020

	2021	2020
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of amount capitalized	\$ 25,310,476	\$ 21,082,108
Cash paid for income taxes	\$ 49,397	\$ 70,601
SIGNIFICANT NONCASH INVESTING AND FINANCING ACTIVITIES:		
(Deficit) equity transfer in	\$ (28,395,392)	\$ (3,047,643)
Accounts payable and accrued expenses, relating to construction costs included in land, buildings, improvements and equipment	\$ 8,256,326	\$ 8,765,131
Noncash capital contribution - reclassification of developer fee payable	\$ -	\$ 142,467

See notes to consolidated financial statements

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 and 2020

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 NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

The following tables represent those entities which are included in the consolidated financial statements. The entities are organized into groups for consolidation in the consolidated financial statements based on the designation in the “Group” columns of each table.

For-profit LLCs 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
Alexander House Managing Member LLC (Managing Member)		New Alexander House LLC	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	
NDFD II, LLC (“NDFD II”)	Other	Bolton North, LP (“Bolton North”)	LIHTC
Cardinal Ridge GP LLC	Other	Heritage Noland Associates L.P.	Real Estate
Cleme 284 LLC (“Cleme 284 GP”)	Other	Cleme Manor Holdings, LLC (“Cleme Manor”)	LIHTC
Center City MM LLC	Other	New Center City Apartments Urban	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 NHPF Manager”)	Other	Mark Twain NHPF, LLC (“Mark Twain NHPF”)	LIHTC
New Covent Managing Member, LLC (“New Covent Managing Member”)	Other	New Covent, LLC	Real Estate
Orange GP, Inc. (“Orange GP”)	Other	Orange Preservations Partners, LP (“Orange Preservation”)	LIHTC
Plaza Borinquen 88 GP Corporation (2) (“Plaza B GP”)	Other	Plaza Borinquen 88 Owner II LP (“Plaza B II”)	LIHTC
Preservation Housing Partners, LLC (“Preservation Partners”)	Other	Preservation Housing II, L.L.C. (“Forest Park”)	LIHTC
Walnut 209, LLC (“Walnut 209”)	Other	Preservation Housing IV, L.L.C. (“Walnut Square”)	LIHTC
Princess Anne GP, LLC (“Princess Anne GP”)	Other	Princess Anne Owner, LP (“Princess Anne Owner”)	Real Estate
Ship’s Cove GP LLC (“Ships Cove GP”)	Other	Ship’s Cove Preservation Partners Limited Partnership (“Ships Cove Preservation”)	LIHTC
St. Luke’s GP, Inc. (“St. Luke’s GP”)	Other	St. Luke’s 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
17 Mississippi Managing Member LLC	Other	17 Mississippi Owner LLC	Real Estate
CH Affordable Manager, LLC	Other	CHCDC Affordable Elderly LLC	Real Estate

(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, 2021 and 2020

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

Managing/sole Member	Group	Legal Entity	Group
1255 North Post Oak Manager LLC ("1255 NPO Owner's GP")	Other	1255 NPO Owner, LLC	Real Estate
1300 NPO Owner, LLC ("1300 NPO Owner's GP")	Other	1300 NPO Owner, LLC	Real Estate
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
Cardinal Ridge Investor LLC	Other	Heritage Noland Associates L.P.	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 (3)		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
Jamestown Affordable Housing, Inc. ("Jamestown Affordable")	Other	NHPF Live Oak MM, LLC	Other
NHPF		NHPF-SC Developer, LLC	Other
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) Princess Anne Investor, LLC, whose sole member is NHPF, is the 99.99% limited partner

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

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
Benning Heights Affordable, LLC ("Benning Affordable")	Other	Benning Heights Investor LLC	LIHTC
Center City Apt Urban Renewal, LLC	Other	New Center City Apartments Urban	LIHTC
Plaza Borinquen 88 Owner LP ("Plaza B I")	Other	Plaza Borinquen 88 Owner II LP	LIHTC
Walnut Affordable Housing, Inc. ("Walnut Affordable")	Other	Preservation Housing IV, L.L.C.	LIHTC
Milliken Affordable Housing, Inc. ("Milliken Affordable")	Other	Ship's Cove Preservation Partners Limited Partnership	LIHTC
Cornerstone/St. Luke's, Inc. ("Cornerstone St. Luke's")	Other	St. Luke's Preservation Partners, LP	LIHTC

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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
New Sunset Bay Manager, LLC	Not consolidated	21% 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
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
Magnificat Permanent Affordable 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

Other/Lenders

Legal Entity	Group	Ownership %	Accounting Method
NHPF Houston, LLC	Consolidated	100.000%	Consolidated
NHPF Texas, LLC	Consolidated	100.000%	Consolidated
Park Heights Lender, LLC	Consolidated	100.000%	Consolidated
NUBA Investor 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, 2021 and 2020

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, 2021 and 2020 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

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

experience and a review of the status of tenant accounts receivables. It is reasonably possible that management's estimate of the allowance will change.

Debt Issuance Costs

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

Deferred Costs

Deferred costs consist of tax credit fees and other intangible assets. The deferred costs are amortized over the estimated useful life using the straight-line method. Amortization expense as of December 31, 2021 and 2020 was \$302,720 and \$541,530, respectively. Estimated annual amortization expense for each of the ensuing years through December 31, 2026 and thereafter is as follows:

2022	\$	378,058
2023		378,058
2024		372,893
2025		367,257
2026		359,281
Thereafter		<u>2,351,005</u>
	\$	<u><u>4,206,552</u></u>

Deferred Development Costs

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

Developer Fees Receivable

NHPF has entered into various development agreements with the affiliated tax credit and real estate entities of which, NHPF and their related general partner/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

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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, 2021 and 2020 is \$16,308,825 and \$9,980,517, 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, 2021 and 2020.

Investment in Housing Funds

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

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

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

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

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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

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

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

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

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

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

Investment in Housing Partnership Equity Trust, LLC

NHPF is 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.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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.

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 classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund and has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received. Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

During the year ended December 31, 2021, NHPF received funding from the Capital Magnet Fund grant prior to overcoming the barriers in the amount of \$3,580,000 and is included in other long-term liabilities in the accompanying statements of financial position (see Note 19).

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.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

Developer Fee Revenue

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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, 2021 and 2020. Due to their tax-exempt status, NHPF and its nonprofit affiliated entities are not subject to income taxes. NHPF and its nonprofit affiliated entities are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and NHPF and its nonprofit affiliated entities have no other tax positions which must be considered for disclosure. Tax returns filed by NHPF and its nonprofit affiliated entities are subject to examination by the Internal Revenue Service for a period of three years. While no tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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:

- 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
- CH Affordable Developer LLC
- NUBA Apartments, LLC
- NHPF Caroline Conduit, LLC
- NHPF Cardinal Ridge MM, LLC
- NHPF Caroline Developer, LLC
- NHPF Temenos Conduit, LLC
- NHPF-CH Contractor, LLC
- NHPF-SC Developer, LLC
- NUBA Manager, 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.

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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 \$49,397 and \$70,601, respectively, for the years ended December 31, 2021 and 2020. 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 2018 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, 2021 and 2020

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	2021	2020
Cash	\$ 32,250,000	\$ 25,726,226
Developer fee receivable - current	5,590,401	2,458,514
Accounts receivable	3,828,138	2,510,829
Development advances receivable	82,507	-
Grants receivable	50,000	50,714
Total financial assets available at year-end (available over the next 12 months to meet general expenditures)	<u>\$ 41,801,046</u>	<u>\$ 30,746,283</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, 2021 and 2020, was \$10,805,344 and \$9,476,340, 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, 2021 and 2020

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:

	2021	2020
Cash and cash equivalents	\$ 32,250,000	\$ 25,726,226
Restricted cash	7,012,072	4,104,176
Cash - deposits and escrows	111,270,382	68,961,787
	<u>150,532,454</u>	<u>98,792,189</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 150,532,454</u>	<u>\$ 98,792,189</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 2022 through 2049.

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, 2021 and 2020

NOTE 6 - INVESTMENTS IN OPERATING ENTITIES

As of December 31, 2021 and 2020, 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	12/31/2021	12/31/2020
Housing Partnership Equity Trust, LLC	Various	Cost	\$ 61,227	\$ 172,210
NHPF-Shore Hill Investor, LLC	2018	Cost	1,565,482	1,579,018
NHPF-Shore Hill Manager, LLC	2018	Cost	2,761	2,806
NHPF-Harbor Hill Manager, LLC	2019	Cost	52,148	53,128
NHPF-Sunset Gardens Manager, LLC	2019	Cost	50,283	51,847
NHPF-Victoria Gardens Apartments, LLC	2020	Cost	(1)	(1)
Total cost method investments			<u>1,731,900</u>	<u>1,859,008</u>
CHA LLC	2016	Equity	\$ (1,355)	\$ (1,126)
Eagles Landing	2015	Equity	2,957	2,957
NHPF/UA, LLC	2016	Equity	3,138	26,268
NHPF/UA II, LLC	2017	Equity	(4,253,798)	(4,267,488)
NHPF / WFH, LLC	2016	Equity	(635,540)	(448,639)
Total equity method investments			<u>(4,884,598)</u>	<u>(4,688,028)</u>
Total cost and equity method investments			<u>\$ (3,152,698)</u>	<u>\$ (2,829,020)</u>

The combined equity investments as of and for the years ended December 31, 2021 and 2020 are summarized below:

Investments in operating entities at January 1, 2020	\$ (1,599,611)
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	\$ (4,688,028)
Deficit transferred in	(756)
Equity in losses of operating entities	<u>(195,814)</u>
Investments in operating entities at December 31, 2021	<u>\$ (4,884,598)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

The combined summary financial information of the equity investments as of December 31, 2021 and 2020 and for the years then ended, are as follows:

ASSETS

	2021	2020
Cash and cash equivalents	\$ 598,192	\$ 640,918
Restricted cash	1,391,198	1,740,472
Investment in properties	(5,386,201)	(5,189,859)
Land, buildings, improvements and equipment, net	24,917,880	32,592,648
Mortgage escrow and utility deposits	97,118	79,721
Prepaid expenses and other assets	316,510	574,943
Replacement reserves	215,154	232,105
Tenants' security deposits	68,420	76,809
Due from affiliate	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Total assets	<u>\$ 22,718,271</u>	<u>\$ 31,247,757</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable and accrued expenses	\$ 545,966	\$ 2,050,005
Other liabilities	1,461,227	1,664,124
Tenants' security deposits	66,362	72,706
Mortgage notes payable	16,708,879	16,940,963
Notes and construction loans payable with accrued interest	900,000	5,565,906
	<u>900,000</u>	<u>5,565,906</u>
Total liabilities	<u>19,682,434</u>	<u>26,293,704</u>
Members' equity		
NHPF member equity	(4,884,598)	(4,688,028)
Other members' equity	7,920,435	9,642,081
	<u>7,920,435</u>	<u>9,642,081</u>
Total members' equity	<u>3,035,837</u>	<u>4,954,053</u>
Total liabilities and members' equity	<u>\$ 22,718,271</u>	<u>\$ 31,247,757</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

STATEMENT OF OPERATIONS

	2021	2020
Revenue		
Rent revenue	\$ 3,475,514	\$ 3,709,653
Asset management fees	32,959	101,833
Interest revenue	13,616	12,735
Other revenue	273,779	203,325
	<u>3,795,868</u>	<u>4,027,546</u>
Total revenue	3,795,868	4,027,546
Operating expenses		
Legal expense	148,531	37,279
Other professional fees	549,740	13,960
Office expenses	624,785	667,297
Miscellaneous operating expenses	3,119,328	3,619,468
	<u>4,442,384</u>	<u>4,338,004</u>
Total operating expenses	4,442,384	4,338,004
Net loss before equity in losses	(646,516)	(310,458)
Equity in losses	<u>-</u>	<u>-</u>
Net loss	<u>\$ (646,516)</u>	<u>\$ (310,458)</u>
NHPF share of net income (loss)	<u>\$ (195,814)</u>	<u>\$ (5,774)</u>
Other members' share of net (loss) income	<u>\$ (450,702)</u>	<u>\$ (304,684)</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE 7 - NOTES RECEIVABLE AND ACCRUED INTEREST

Notes receivable and accrued interest consist of the following:

Affiliated Entity	Description	2021 Note Balance	2020 Note Balance	2021 Accrued Interest	2020 Accrued Interest	Maturity Date	Interest Rate	Borrowers
NHPF	HTCC Loan	\$ 500,000	\$ 500,000	\$ 138,133	\$ 121,357	12/1/2054	2.700%	Bayview Preservation
NHPF	Seller Loan	9,654,674	9,953,231	157,999	153,143	12/1/2054	2.400%	Bayview Preservation
NHPF	HUD Loan	2,740,408	2,740,408	394,703	312,414	1/1/2049	2.750%	Benning Heights Investor
Miliken	Seller Loan	5,185,000	5,185,000	1,416,895	1,088,765	12/31/2056	7.000%	Ships Cove Preservation
Miliken	Reserve Note	1,252,000	1,252,000	541,917	424,558	12/31/2056	7.000%	Ships Cove Preservation
Falls Church	Loan	-	1,469,737	-	126,205	PAID Off	5.000%	Alexander House
Falls Church	Loan	34,800	34,800	5,039	3,299	Redevelopment	5.000%	Takoma
NHPF	Seller Loan	391,821	585,081	1,838	2,298	3/19/2037	1.000%	Forest Park
NHPF	Seller Loan	12,800,000	12,800,000	9,268,318	8,370,681	6/30/2046	4.240%	Foxwood Preservation
NHPF	Seller Loan	5,304,593	5,521,413	136,204	89,311	12/31/2055	3.280%	Hollybush Preservation
Jamestown	Acquisition Loan	3,000,000	3,000,000	678,603	586,157	8/25/2024	2.990%	Cleme
Jamestown	Acquisition Loan	1,260,000	1,260,000	172,776	179,099	8/25/2024	2.990%	Cleme
NHPF	Mortgage	184,250	184,250	108,708	87,008	11/30/2049	8.000%	Harvest Home
NHPF	Sponsor Loan	-	718,018	-	2,543	2/15/2025	8.500%	Clipper
NHPF	Sponsor Loan	1,450,000	1,450,000	207,708	203,208	3/19/2037	1.000%	Forest Park
NHPF	Sponsor Loan	1,045,000	1,045,000	141,700	131,250	3/1/2044	1.000%	Walnut Square
NHPF	Sponsor Loan	600,000	600,000	81,374	75,374	3/1/2044	1.000%	Walnut Square
NHPF	Sponsor Loan	250,000	250,000	183,505	170,630	3/1/2027	5.150%	Walnut Square
NHPF	Sponsor Loan	157,906	188,659	1,060	1,009	12/31/2051	1.000%	Roundtree
NHPF	TA Fees	80,000	60,000	6,378	3,161	N/A	0.000%	Woodmont Crossing
NHPF	Promissory Note	2,450,000	2,450,000	511,211	315,211	4/1/2060	8.000%	Mark Twain
NHPF	Seller Loan	17,800,000	17,800,000	5,824,633	5,241,070	12/31/2052	3.530%	Orange Preservation
Plaza B	Gap Loan	109,190	109,190	28,252	24,079	6/1/2046	3.140%	Plaza B II
Plaza B	Seller Loan	4,250,844	4,250,844	1,120,137	957,062	6/1/2046	3.140%	Plaza B II
Plaza B	Reserve Note	336,256	336,256	86,764	73,772	6/1/2046	3.140%	Plaza B II
NHPF	Promissory Note	1,855,871	1,872,875	229,851	155,085	12/18/2044	8.000%	St Luke's GP
NHPF	Promissory Note	363,071	413,548	-	-	12/18/2044	8.000%	St Luke's GP
St Luke GP	Promissory Note	1,111,865	1,111,865	244,034	155,085	12/18/2044	8.000%	St Luke's Preservation
St. Luke's	Seller Loan	4,815,000	4,815,000	3,058,390	2,743,213	12/18/2044	4.170%	St Luke's Preservation
NHPF	Bridge Loan	148,892	148,892	-	-	Conversion	0.000%	Mark Twain
Nannie Helen NHPF,	Bridge Loan	-	1,400,000	-	29,801	PAID Off	5.400%	Nannie Helen Owner
St Luke GP	Promissory Note	743,006	743,006	-	-	N/A	0.000%	St Lukes
St Luke GP	Promissory Note	363,071	413,548	-	-	N/A	0.000%	St Lukes
NHPF Texas LLC	CIP Loan	-	153,272	-	447	PAID Off	7.000%	Tenemos
NHPF Texas LLC	CIP Loan	-	692,849	-	2,021	PAID Off	7.000%	Change Happens
NHPF Texas LLC	CIP Loan	1,270,329	269,274	55,697	785	N/A	7.000%	Magnificat
NHPF Texas LLC	CIP Loan	341,838	341,835	25,258	997	N/A	7.000%	Trinity
NHPF Houston LLC	LISC Loan	-	390,000	-	607	PAID Off	7.000%	Change Happens
BM Land Owner Inc	Ground Lease	12,512,706	12,512,706	(12,706)	-	9/30/2062	3.900%	Blue Mountain Owner
NHPF	Sponsor Loan	420,000	-	-	-	Predevelopment	0.000%	CHCDC Affordable Elderly LLC
Center City Apt Urban Renewal, LLC	Seller Loan	2,302,214	-	50,459	-	9/16/2063	8.000%	New Center City Apt Urban Renewal, LLC
	Sub-total	97,084,605	99,152,064	24,864,838	21,701,201			
	Less: Allowance	(2,740,408)	(2,740,408)	(394,703)	(312,414)			
	Eliminations	(93,844,197)	(95,193,634)	(24,332,000)	(21,267,432)			
	Total	\$ 500,000	\$ 1,218,022	\$ 138,135	\$ 121,355			

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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

As of December 31, 2021 and 2020, land, buildings, improvements and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 81,579,153	\$ 78,916,835
Buildings, improvements and equipment	<u>863,009,598</u>	<u>768,796,335</u>
	944,588,751	847,713,170
Less: Accumulated depreciation	<u>(161,132,508)</u>	<u>(124,499,918)</u>
	<u>\$ 783,456,243</u>	<u>\$ 723,213,252</u>

Depreciation expense for 2021 and 2020 amounted to \$22,473,600 and \$18,186,837, 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 2021 and 2020.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE 9 – NOTES PAYABLE AND ACCRUED INTEREST

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

Affiliated Entity	2021 Mortgage/Loan/ Note Balance	2020 Mortgage/Loan/ Note Balance	2021 Accrued Interest	2020 Accrued Interest	Maturity Date	Interest Rate	Lenders
1255 NPO Owner, LLC	\$ 48,840,000	\$ 48,840,000	\$ 166,124	\$ 166,124	2030	3.950%	Citibank NA
1300 NPO Owner, LLC	34,382,000	34,382,000	116,947	116,947	2030	3.950%	Citibank NA
17 Mississippi Owner, LLC	-	1,716,829	-	8,100	2022	6.000%	LISC
17 Mississippi Owner, LLC	4,332,000	-	14,586	-	9/1/2044	3.910%	District of Columbia Housing Finance Agency
17 Mississippi Owner, LLC	1,256,668	-	15,287	-	8/6/2063	3.000%	DHCD Loan
250 Pepper Tree Manor LP	2,846,200	2,896,624	-	-	2022	5.000%	PNC Bank
250 Pepper Tree Manor LP	3,346,886	3,301,016	-	-	2044	0.000%	Texas Dept. of Housing and Community Affairs
A.C.T. Affordable Housing (LaSalle)	859,444	874,673	1,470	7,794	2028	4.870%	Bellwether Enterprise Mortgage Investment LLC
A.C.T. Affordable Housing (LaSalle)	867,644	874,893	25,196	19,120	2037	2.000%	City of Charlotte
Alabama Ave. (Roundtree) - Sponsor Loan	323,069	385,205	992	2,018	2051	1.00%	NHPF and VOV Community Development Corp.
Alabama Ave. Afford. Housing (Roundtree)	4,540,000	4,620,000	52,053	52,053	2048	2.320%	District of Columbia Housing Finance Agency
Alabama Ave. Afford. Housing (Roundtree)	5,000,000	5,000,000	329,059	307,753	2051	1.000%	District of Columbia Department of Housing and Community Development
Alexander House - Bridge Loan	-	1,469,737	-	126,205	At Recapitalization	5.00%	Falls Church
Alexander House Owner, LLC	-	4,720,000	-	-	2019	Varies	Enterprise Community Loan Fund Inc.
Alexander House Owner, LLC	-	980,000	-	-	At Conversion	6.00%	Enterprise Community Loan Fund Inc.
New Alexander House Owner, LLC	1,500,000	-	-	-	8/31/2024	0.00%	CMF Funds/NHPF
New Alexander House Owner, LLC	250,000	-	-	-	5/1/2063	0.00%	Weinberg Foundation Sponsor Loan /NHPF
New Alexander House Owner, LLC	15,000,000	-	35,000	-	9/1/2023	0.80%	CDA Bond Loan
New Alexander House Owner, LLC	2,000,000	-	-	-	9/1/2063	0.00%	RHW Funds
New Alexander House Owner, LLC	5,123,481	-	39,517	-	5/1/2063	2.60%	AGM
New Alexander House Owner, LLC	500,000	-	16,388	-	9/1/2022	6.25%	Enterprise Community Loan Fund, Inc
New Alexander House Owner, LLC	698,800	-	-	-	2023	8.00%	Equity Advance Note proceeds
Anacostia Gardens Owner, LLC	8,977,824	8,977,824	531,971	262,636	2/1/2062	4.09%	Construction Loan DCHFA
Anacostia Gardens Owner, LLC	13,850,000	9,150,000	47,205	31,186	1/6/2060	3.00%	Construction Loan DHCD
Bayview Preservation - HTCC Loan	500,000	500,000	138,133	121,356	2054	2.70%	Cornerstone/Bayview Inc.
Bayview Preservation - Seller Loan	9,649,817	9,953,231	157,999	153,143	2054	2.40%	Cornerstone/Bayview Inc.
Bayview Preservation Partners, LP	14,783,862	14,914,798	80,979	80,979	2054	6.250%	Connecticut Housing Finance Authority
Benning Heights Investor	12,818,899	12,988,910	48,390	48,817	2049	2.250%	Citibank
Benning Heights Investor	2,740,908	2,740,908	394,490	312,414	2049	2.75%	NHPF
Benning Heights Investor	5,012,387	5,012,387	731,308	589,280	2049	3.000%	District of Columbia Department of Housing and Community Development
Berry Manor Owner, LP	4,515,000	4,515,000	22,006	22,006	At Recapitalization	4.500%	Low-Income Investment Fund
Blue Mountain Owner, LLC	49,745,453	44,484,284	217,130	149,453	2062	3.890%	Construction Loan_Mass Housing Mortgage
Blue Mountain Owner, LLC	2,248,049	365,570	9,123	-	2038	5.000%	Construction Loan_Blue Hub Loan
Blue Mountain Owner, LLC	9,791,529	-	-	-	9/29/2038	1.750%	PNC Bridge Loan
Blue Mountain Owner, LLC	846,000	-	-	-	9/29/2061	5.000%	NHPF Historical Tax Credit
Blue Mountain Owner, LLC	12,512,706	12,512,706	-	-	2095	3.900%	BM Land Owner Inc
BM Land Owner Inc	12,500,000	12,500,000	-	-	2062	3.900%	Ground Lease
Bolton - Sponsor Loan	500,000	500,000	50,208	18,454	2035	2.66%	NHPF/UA II, LLC
Bolton North, LP	23,490,000	23,935,000	62,222	62,222	2034	variable	Maryland Community Development Administration
C/HP Cove, Inc. (Clipper)	-	15,075,904	-	48,293	2023	3.720%	PNC Bank
C/HP Cove, Inc. (Clipper)	-	8,081,192	-	35,907	2023	5.160%	PNC Bank

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED DECEMBER 31, 2021 and 2020

Affiliated Entity	2021	2020	2021 Accrued Interest	2020 Accrued Interest	Maturity Date	Interest Rate	Lenders
	Mortgage/Loan/Note Balance	Mortgage/Loan/Note Balance					
Clipper	-	478,679	-	3,391	At Recapitalization	8.50%	TPI
Clipper	-	718,018	-	5,086	At Recapitalization	8.50%	NHPF
C/HP Cove, Inc. (Clipper)	39,961,238	-	115,621	-	6/1/2033	3.360%	Berkadia Commercial-Refinance
Center City Apt Urban Renewal, LLC	-	4,397,952	-	14,037	2054	4.430%	ORIX Real Estate capital LLC
New Center City Apt Urban Renewal, LLC	2,302,214	-	50,459	-	9/16/2063	8.000%	Seller Loan Center City Apt Urban Renewal, LLC
New Center City Apt Urban Renewal, LLC	4,331,733	-	13,825	-	2054	3.830%	FHA Mortgage
New Center City Apt Urban Renewal, LLC	794,702	-	2,908	-	2/15/2023	4.250%	Cedar Bridge Loan (Construction Loan)
New Center City Apt Urban Renewal, LLC	1,263,071	-	3,673	-	5/1/2063	3.490%	HUD 241(a) Loan
Cleme - City Loan	3,000,000	3,000,000	678,603	131,178	2024	2.99%	Jamestown Affordable Housing, Inc.
Cleme - Owner Loan	1,260,000	1,260,000	172,771	-	2024	2.99%	Jamestown Affordable Housing, Inc.
Cleme Manor Holdings, LLC	17,598,782	17,851,305	47,663	585,903	At Conversion	3.250%	PNC Bank
Columbia Heights Village Apartments LP	56,267,067	57,862,877	170,552	175,824	2022	3.520%	Enterprise Mortgage Investments, LLC
Columbia Heights Village Apartments LP	27,516,057	27,979,195	110,653	112,685	2022	4.670%	Bellwether Enterprise Mortgage Investments, LLC
Falls Church-Winter Hill	7,101,265	7,230,469	27,396	27,894	2028	4.780%	Jones Lang LaSalle Multifamily LLC
Forest Park - NHPF Loan	1,450,000	1,450,000	207,708	193,189	2037	1.00%	NHPF
Forest Park - Seller Loan	390,843	583,106	1,838	2,298	2037	1.00%	Forest Park Affordable Housing, Inc.
Forest Park	4,398,880	4,521,550	25,964	26,325	2027	6.800%	Pacific Life Insurance Company
Foxwood Preservation - SWAP	1,159,630	1,766,818	-	-	-	-	SWAP/ Derivative
Foxwood Preservation - Seller Loan	12,800,000	12,800,000	9,268,319	8,370,682	2046	4.24%	Foxwood Affordable Housing, Inc.
Foxwood Preservation Partners, LP	10,414,007	10,604,465	-	63,234	2046	variable	Bank of America, N.A./Pennsylvania Housing Finance Agency
Harvest Home	184,250	184,250	108,708	87,008	2049	8.000%	NHPF
Harvest Homes Apartments LP	570,218	570,174	2,849	2,849	2036	5.790%	JPMorgan Chase Bank,
Harvest Homes Apartments LP	1,039,544	1,048,367	338,331	248,190	2049	7.000%	The Peoples Community Development Association of Chicago
Hollander Ridge Investor, LLC	9,445,650	9,445,650	315,380	126,467	2062	2.000%	Seller Loan
Hollander Ridge Investor, LLC	2,379,000	2,379,000	79,432	31,852	2062	2.000%	BAHD Loan
Hollander Ridge Investor, LLC	19,875,000	16,531,655	48,764	38,760	2060	4.170%	CDA from Citibank
Hollander Ridge Investor, LLC	2,250,000	2,250,000	-	-	2060	2.000%	CDA/ RHW Loan
Hollander Ridge Investor, LLC	1,282,491	-	-	-	2060	0.000%	CDA/RHP Loan/Construction
Hollander Ridge Investor, LLC	165,921	-	593	-	2022	2.250%	PNC Bridge Loan/Construction
Hollybush Preservation - Seller Loan	5,304,593	5,521,414	136,204	89,311	2055	3.28%	NHPF
Hollybush Preservation Partners, LP	13,585,000	13,755,000	119,992	120,949	2022	2.25%/3.55%	New Jersey Housing and Mortgage Finance Agency
Irvine Turner Apts Urban Renewal, LLC	8,561,358	8,692,237	27,325	27,743	2054	4.430%	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 -	1,000,000	2,565,584	5,166	81,454	2060	6.00%	Chicago Community Loan Fund
Mark Twain NHPF LLC - ComEd	148,892	148,892	-	-	2060	0.00%	ComEd
Mark Twain NHPF LLC - Sponsor Loan	1,550,000	1,550,000	428,951	304,981	2060	8.00%	NHPF
Mark Twain NHPF LLC	900,000	900,000	82,230	10,230	2060	8.00%	NHPF
Mark Twain NHPF, LLC	26,831,845	27,151,180	80,577	468,860	2060	4.400%	The Huntington National Bank
Mark Twain NHPF, LLC	4,990,000	4,990,000	868,060	13,256	2060	8.00%	City of Chicago
Nannie Helen NHPF,	-	1,400,000	-	29,801	2021	5.4%.6.8%, 8.5%	NHT Loan Nannie Hellen
Nannie Helen Owner LLC (The Strand)	15,599,754	13,079,236	1,125,216	670,357	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	117,813	2039	1.40%	Construction Bond_DCHFA_U.S. Bank, N.A, Trustee
Nannie Helen Owner LLC (The Strand)	6,508,472	1,683,959	13,166	3,213	2021	8.00%	Construction loan payable - Citibank

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

Affiliated Entity	2021 Mortgage/Loan/ Note Balance	2020 Mortgage/Loan/ Note Balance	2021 Accrued Interest	2020 Accrued Interest	Maturity Date	Interest Rate	Lenders
Nannie Helen Owner LLC (The Strand)	-	1,400,000	-	-	-	5.4%,6.8%, 8.5%	Nannie Helen NHPF,
New Covent, LLC	5,000,000	5,000,000	23,823	23,823	2019	5.250%	Community Investment Corporation
New Covent, LLC	2,220,000	2,220,000	11,313	11,313	2019	6.000%	Chicago Community Loan Fund
NHPF	727,310	1,083,428	8,204	12,189	2023	4.50%	Prudential Insurance Company of America
NHPF	1,500,000	1,750,000	11,668	13,417	2023	3.00%	Prudential Insurance Company of America
NHPF	-	949,000	-	-	Forgiven	1.00%	PPP Loan(forgivable)
NHPF	250,000	250,000	-	-	2021	5.00%	Predevelopment Loan /Hotel Covent LISC
NHPF	900,000	900,000	-	-	2021	0.00%	Federal Home Loan Bank /Mark Twain
NHPF	1,500,000	-	-	-	11/30/2030	3.00%	Housing Partnership Fund / Ridgecrest Predevelopment
Orange Preservation - Seller Loan	17,800,000	17,800,000	6,059,524	5,246,000	2052	3.53%	Orange Affordable Housing, Inc.
Orange Preservations Partners, LP	16,310,000	16,610,000	244,872	248,434	2028	4.839%	New Jersey Housing and Mortgage Finance Agency
Overlook Owner, LP	10,234,812	10,326,959	49,883	-	Conversion	5.660%	LIIF Housing Preservation Fund, LLC
Plaza B II - HDC 2nd	1,920,000	1,920,000	1,600	75,373	2046	1.000%	New York City Housing Development Corporation
Plaza B II-Gap Note	109,190	109,190	28,252	24,079	2046	3.14%	Plaza Borinquen 88 Owner L.P.
Plaza B II-Reserve Note	336,256	336,256	86,714	-	2046	3.14%	Plaza Borinquen 88 Owner L.P.
Plaza B II-Seller Note	4,250,669	4,250,669	1,120,181	957,062	2046	3.14%	Plaza Borinquen 88 Owner L.P.
Plaza Borinquen 88 Owner LP (Seller)	-	46,827	38,964	-	2046	5.950%	New York City Housing Development Corporation
Plaza Borinquen 88 Owner II LP	7,991,753	7,986,953	-	39,602	N/A	1.000%	PPP Loan(forgivable)
Preservation Housing IV, L.L.C. (Walnut)	1,000,000	1,000,000	104,537	27,950	2051	1.00%	TCAP - Louisiana Housing and Finance Agency
Preservation Housing IV, L.L.C. (Walnut)	2,182,513	2,182,513	13,975	80,420	2028	7.330%	Pacific Life Insurance Company
Preservation Housing IV, L.L.C. (Walnut)	20,031,156	19,925,027	126,013	93,042	2044	1.000%	Louisiana Housing Finance Authority
Preservation Housing IV, L.L.C. (Walnut)	1,045,001	1,045,001	141,700	131,250	2044	1.00%	NHPF
Preservation Housing IV, L.L.C. (Walnut)	600,000	600,000	81,374	75,374	2044	1.00%	NHPF
Preservation Housing IV, L.L.C. (Walnut)	250,000	250,000	183,505	170,630	2027	5.15%	NHPF
Princess Anne Owner, LP	12,800,000	10,789,580	49,668	19,217	2019	5.960%	AGM Financial Services, Inc
Princess Anne Owner, LP	11,000,000	11,000,000	5,271	4,919	Collateral Fund	0.575%	Construction Bond//Collateral Fund
Princess Anne Owner, LP	437,834	-	-	-	7/1/2062	3.000%	DHCD EmPOWER Energy Program
Princess Anne Owner, LP	212,000	-	-	-	7/1/2062	0.000%	Rental Housing loan.
Princess Anne Owner, LP	406,307	-	-	-	4/1/2023	0.000%	HTF Loan/ CDA
Princess Anne Owner, LP	2,500,000	-	-	-	7/1/2062	3.000%	Home Loan Program /CDA
Ridgecrest	21,075,000	21,075,000	112,724	83,662	2024	4.610%	JP Morgan Chase Bank
Ridgecrest	7,500,000	7,500,000	29,063	29,063	2023	4.500%	DHCD/Capital Impact Partners
Ridgecrest Court	2,525,000	2,525,000	300,744	213,405	2024	4.610%	Parklands, Inc.
Ship's Cove Preservation Partners	10,161,258	10,332,014	35,951	35,951	2034	4.090%	Massachusetts Development Finance Agency
St. Luke's GP-Promissory Note	362,072	2,268,419	-	155,085	N/A	0.00%	NHPF
St. Luke's Preservation	1,111,865	1,111,865	244,034	155,085	N/A	0.00%	St. Lukes GP/NHPF
St. Luke's Preservation	363,072	413,548	-	-	N/A	0.00%	St. Lukes GP/NHPF
St. Luke's Preservation - Seller Loan	4,815,000	4,815,000	3,058,391	2,743,213	2044	4.17%	Cornerstone/St. Luke's, Inc.
St. Luke's Preservation Partners, LP	4,000,000	4,000,000	8,929	10,436	2042	variable	Industrial Development Authority of the City of St. Louis, Missouri

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

Affiliated Entity	2021 Mortgage/Loan/ Note Balance	2020 Mortgage/Loan/ Note Balance	2021 Accrued Interest	2020 Accrued Interest	Maturity Date	Interest Rate	Lenders
Takoma	-	18,125,000	-	79,599	Conversion	5.27%	District of Columbia Housing Finance Agency
Takoma	10,781,791	-	47,350	-	At Recapitalization	5.27%	R4 Capital Funding
Takoma	34,800	34,800	5,039	3,299	2020	8.000%	Falls Church
Takoma Place SM LLC	13,637,505	13,637,505	1,581,802	1,172,677	2057	3.000%	DC Department of Housing and Community Development
The Pines Owner	3,700,000	3,700,000	20,813	20,813	2023	6.750%	LIIF Housing Preservation Fund, LLC
The Pines Owner, LLC	13,561,487	13,882,934	62,621	41,808	2023	3.350%	Jones Lang LaSalle Multifamily, LLC
Wade Road Investor, LLC (Parkchester)	6,110,915	6,114,923	64,134	9,730	2056	1.000%	DC Department of Housing and Community Development
Wade Road Investor, LLC (Parkchester)	9,083,764	9,227,749	9,730	36,981	2056	variable	Citibank NA
Woodmont Crossing Investor, LLC	24,523,161	24,818,161	633,023	544,192	2058	4.400%	District of Columbia Housing Finance Agency
NHPF Houston LLC	-	400,000	-	467	Closing	6.000%	LISC Predevelopment Loan
NHPF Texas LLC	1,644,816	1,489,882	7,513	3,694	2023	5.250%	Capital Impact Partners Loan
CHCDC Affordable Elderly LLC	-	390,000	-	-	Closing	7.000%	NHPF Houston LLC
CHCDC Affordable Elderly LLC	-	692,850	-	-	Closing	7.000%	NHPF Texas LLC
CHCDC Affordable Elderly LLC	420,000	-	-	-	At Recapitalization	0.000%	NHPF - Citadel HAP/Predevelopment Loan
CHCDC Affordable Elderly LLC	11,745,000	-	32,364	-	7/1/2024	3.200%	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHCDC Affordable Elderly LLC	3,255,000	-	12,249	-	7/1/2059	4.370%	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Magnificat Permanent Affordable LLC	1,270,319	269,266	55,697	-	Closing	7.000%	NHPF Texas LLC
Temenos Permanent Affordable LLC	735,400	-	7,432	-	2096	2.277%	Seller Note TEMENOS COMMUNITY DEVELOPMENT CORPORATION,
Temenos Permanent Affordable LLC	2,548,117	-	5,483	-	7/23/2023	Daily SOFR Rate	KeyBank National Association.
Temenos Permanent Affordable LLC	1,160,394	-	-	-	7/23/1963	0.000%	Temenos Community Development Corp/City of Houston
Temenos Permanent Affordable LLC	15,500,000	-	19,978	-	8/1/2024	0.290%	Houston Housing Finance Corporation /Construction Bond
Temenos Permanent Affordable LLC	-	153,272	-	-	Closing	7.000%	NHPF Texas LLC
Trinity East Family , LLC	341,838	341,838	25,258	-	Closing	7.000%	NHPF Texas LLC
Heritage Noland Associates LP (Cardinal Ridge)	8,569,202	-	25,740,749	-	12/20/2039	6.300%	Housing Authority of Kansas City
Heritage Noland Associates LP (Cardinal Ridge)	296,535	-	-	-	12/21/2035	0.000%	Housing and Economic Development Financial Corp
NUBA Apartments, LLC	77,556	-	116	-	12/23/2024	4.000%	BLUEHUB LOAN FUND, INC
Park Heights Lender	888,938	-	1,361	-	12/22/2023	6.125%	Housing Partnership Fund Loan
Notes and construction loans payable	959,404,709	853,430,152	58,614,082	27,520,334			
Eliminations	(90,059,735)	(90,937,017)	(22,935,230)	(20,256,865)			
Notes and construction loan payable, net	869,344,974	762,493,135	\$ 35,678,852	\$ 7,263,469			
Unamortized debt issuance	(21,230,494)	(18,175,065)					
Accrued interest	35,678,852	7,263,469					
	<u>\$ 883,793,332</u>	<u>\$ 751,581,539</u>					

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

For the years ended December 31, 2021 and 2020, total interest costs of \$34,058,863 and \$26,792,020, respectively, were incurred, of which \$2,618,969 and \$360,400, respectively, were capitalized and \$31,439,894 and \$26,431,620, respectively, were expensed. For the years ended December 31, 2021 and 2020, amortization of debt issuance costs were \$2,887,008 and \$2,292,407, respectively, of which \$531,142 and \$157,151, respectively, were capitalized and \$2,355,866 and \$2,135,256, respectively, were expensed and were included in total interest costs expensed. For the years ended December 31, 2021 and 2020, the unrealized gain (loss) on the interest rate liability of (\$826,583) and (\$346,404), respectively, were included in total interest costs expensed.

Debt issuance costs, net of accumulated amortization, as of December 31, 2021 and 2020, totaled \$21,230,494 and \$18,175,065, 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 .58% to 8.4%.

As of December 31, 2021 and 2020, 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
2022	\$ 36,050,899
2023	108,328,527
2024	43,244,675
2025	4,487,669
2026	5,855,398
Thereafter	<u>671,377,806</u>
	869,344,974
Unamortized debt issuance costs	<u>(21,230,494)</u>
	<u>\$ 848,114,480</u>

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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 (.10% and .09% at December 31, 2021 and 2020, 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 (.10% and .09% at December 31, 2021 and 2020, 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, 2021 and 2020 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, 2021 and 2020. At December 31, 2021 and 2020, the interest rate swap contracts represent a liability of \$1,613,186 and \$2,439,769, 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, 2032 for its Washington, DC office. Rent expense for the years ended December 31, 2021 and 2020 totaled \$1,109,208 and \$1,086,773, respectively, which is net of all sublease payments and rent concessions and is included in operating and maintenance expenses in the accompanying statements of functional expenses.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

Future minimum lease commitments at December 31, 2021, are as follows:

2022	\$	966,446
2023		1,007,170
2024		1,031,047
2025		1,055,461
2026		1,080,449
Thereafter		<u>3,297,978</u>
	\$	<u>8,438,551</u>

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.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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 gain on the interest rate swap contracts of \$826,583 for 2021 and the loss on the interest rate swap contracts of \$346,404 for 2020, 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, 2021 and 2020. The following tables present the fair value of liabilities measured on a recurring basis as of December 31, 2021 and 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>December 31, 2021 Net balance</u>
Interest rate swap contracts	<u>\$ -</u>	<u>\$ 1,613,186</u>	<u>\$ -</u>	<u>\$ 1,613,186</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>December 31, 2020 Net balance</u>
Interest rate swap contracts	<u>\$ -</u>	<u>\$ 2,439,769</u>	<u>\$ -</u>	<u>\$ 2,439,769</u>

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, 2021 and 2020, 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, 2021 and 2020

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
1/8/2020	Anacostia Gardens Owner, LLC	Washington DC	100	\$ 31,779,298	\$13.85M DCHFA Mortgage (Series 2020), \$9.85M DHCD Loan, \$8M LIHTC Equity
5/17/2020	17 Mississippi Owner, LLC *	(1) Washington DC	N/A	\$ 1,101,628	\$2.1 Predevelopment Loan from LISC (\$1.1 Acquisition of Land and \$1M Predevelopment cost); \$89K equity from NHPF
4/29/2020	Hollander Ridge Investor, LLC	Baltimore, MD	94	\$ 44,901,685	\$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 **	(2) Waterbury, CT	150	\$ 26,576,936	\$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	\$ 65,549,219	\$52.25M Mass Housing Mortgage, \$4.5M Blue Hub Bridge Loan, \$9.3M LIHTC Equity
10/1/2020	Victoria Gardens Apartments, LLC ***	(3) 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
5/27/2021	New Sunset Bay, LLC ****	(4) Miami-Dade, Florida	308	\$ 74,908,117	Equity \$25,378,000, Construction Loan \$25,355,000; First Loan 223F \$23,585,117; 241a Loan \$13,800,000; Seller Loan \$12,145,000
7/9/2021	CHCDC Affordable Elderly, LLC	Texas	74	\$ 25,326,000	Senior Bond Debt (Citibank) \$3,255,000; Subordinate Soft Debt-City of Houston (CDBG-DR) \$10,250,000; LIHTC Equity Hudson Capital \$11,821,000
7/23/2021	Temenos Permanent Affordable, LLC	Texas	94	\$ 34,545,458	LIHTC \$10,310,058; Hudson County \$11M; City of Houston \$12.5M
8/6/2021	17 Mississippi Owner, LLC	Washington DC	41	\$ 27,860,060	\$10,300,000 Tax Exempt Loan City Bank (\$4,332,000 DHCD Bond Series 2021A and \$5,968,000 DHCD Bond Series 2021B); \$8,699,866 2nd Mortgage from DHCD; \$8,860,194 LIHTC Equity
9/16/2021	New Alexander House, LLC	Hagerstown, MD	95	\$ 5,800,000	LIHTC \$12,871,000; 221d Loan from AGM Financial \$7,451,300; ECLF AHP Loan \$500K; Sponsor Loan NHPF \$2,033,287; Weinberg Fund \$500K; CDA soft loan \$6M; FHLB \$500K
9/23/2021	New Center City Apartments Urban Renewal LLC	Newark, NJ	49	\$ 7,230,000	Total Loans \$12,301,140; Construction Loan Cedar Rapids Bank \$4,800,000; Assumed FHA 223(f) \$4,348,526; HUD 241(a) \$4,050,400; NJHMFA (the "Bond Loan") \$10,315,000; NJHMFA (the "HTF Loan") \$1,000,000; Seller Loan \$2,302,214; Sponsor Loan \$600,000; Equity \$7,523,648

(1) 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.

On August 6th 2021 the project closed into a tax credit transaction and acquisition and predevelopment loan from LISC was fully paid off at the closing.

(2) NHPF controls 50% of the managing member

(3) NHPF is a Co-Developer on Victoria Gardens Apartments.

(4) The project is a 60/40 joint venture between TPI and NHPF. TPI is a property manager.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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

<u>Date</u>	<u>Property</u>	<u>Location</u>	<u>Sales Price</u>
1/8/2020	Anacostia Gardens Investor LLC	Washington, DC	\$ 9,300,000
9/23/2021	Center City Apartments Urban Renewal, LLC	New Jersey	\$ 7,230,000
9/16/2021	Alexander House Owner, LLC	Maryland	\$ 5,800,000

The following table represents net deficits transferred in during the years ended December 31, 2021 and 2020 from acquisition of general partner interests in the following properties:

	<u>2021</u>	<u>2020</u>
Heritage Noland Associates, L.P.	\$ (28,394,636)	\$ -
NDFD LLC	(756)	(3,047,643)
	<u>\$ (28,395,392)</u>	<u>\$ (3,047,643)</u>

There were no excess of revenue over expenses from discontinued operations for the years ended December 31, 2021 and 2020.

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, 2021 and 2020 are as follows:

- New Countryside LLC (Countryside)*
- New Exchange Place LLC (Exchange Place)*
- New Flanders LLC (Flanders)*

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

- Lancaster Owner, LLC (Lancaster)*

*The properties were sold out of the Fund during 2021 and 2020.

NOTE 13 - RESTRICTIONS AND LIMITATIONS ON NET ASSETS

During the years ended December 31, 2021 and 2020, net assets released from temporary donor restrictions and the events and transactions which caused the restrictions to expire are \$79,025 and \$196,853, respectively, for expenses incurred for donor specified purposes.

As of December 31, 2021 and 2020, the balance of donor restricted net assets was \$221,635 and \$95,100, 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.

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, 2021 and 2020

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>
17 Mississippi	LIHTC	Yes - Not yet active	Yes - Not yet active	Yes
250 LP Pepper Tree Manor LP	LIHTC	No	Yes	N/A
Anacostia Gardens	LIHTC	Yes - Not yet active	Yes	Yes
Bayview Preservation	LIHTC	No	Yes	N/A
Benning	LIHTC	Yes	Yes	N/A
Blue Mountain	LIHTC	Yes - Not yet active	Yes	Yes
Bolton North	LIHTC	Yes	Yes	N/A
Exchange Place	LIHTC	Yes - Not yet active	Yes	Yes
Change Happens	LIHTC	Yes - Not yet active	Yes - Not yet active	Yes
Cleme	LIHTC	Yes - Not yet active	Yes	N/A
Forest Park	LIHTC	Yes	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 - Not yet active	Yes	N/A
Nannie Hellen (Strand Residence)	LIHTC	Yes - Not yet active	Yes - Not yet active	Yes
New Center City	LIHTC	Yes - Not yet active	Yes - Not yet active	Yes
New Alexander House	LIHTC	Yes - Not yet active	Yes - Not yet active	Yes
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
Temenos	LIHTC	Yes - Not yet active	Yes - Not yet active	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.

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

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 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.

As of December 31 2021 all properties In the Urban Atlantic Fund I LLC were sold.

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 2021 and 2020, 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, 2021 and 2020.

NOTE 18 - PPP FORGIVABLE LOAN AND SBA GRANT

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. For the year ended December 31, 2021, NHPF recognized \$948,883 of revenue from debt forgiveness and is included in other revenue on the consolidated statement of activities.

During the year ended December 31, 2020, the management companies of certain affiliated entities obtained PPP loans and indirectly loaned the proceeds to the affiliated entities. The affiliated entities used all proceeds from the loans for qualifying expenses. During the year ended December 31, 2021, the loans were forgiven. For the year ended December 31, 2021, the Organization recognized \$327,911 of revenue from debt forgiveness and is included in other revenue on the consolidated statement of activities.

NOTE 19 - CAPITAL MAGNET GRANT

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

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED YEARS ENDED DECEMBER 31, 2021 and 2020

construction bridge financing to low-income housing projects throughout the country. NHPF was 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 is presented as a component of Restricted Cash on the statement of financial position. During the year ended December 31, 2021, NHPF recognized \$1,920,000 of government grant revenue related to the loans disbursed, with the remaining \$3,580,000 recorded as deferred revenue as of December 31, 2021 and is included in other long-term liabilities in the accompanying statements of financial position.

NOTE 20 - SUBSEQUENT EVENTS

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of the subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through June 29, 2022 (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:

Heritage Noland Associates, L.P.

On January 11th, 2022, the property obtained \$2,100,000 a three-year term acquisition loan provided by the Low-Income Investment Fund (LIIF).

Capital Magnet Fund Award

On February 24th, 2022, \$2,108,015 was advanced to CHV Owner, LLC (Columbia Heights Village – redevelopment) for predevelopment activities from proceeds of the capital grant received under the Capital Magnet Program.

New Overlook Owner, LP

On April 14th, 2022, the project closed into a 4% LIHTC transaction utilizing a short-term (2 years) tax exempt bond execution in the amount of \$9.6 million. The bond is collateralized with cash proceeds from a permanent HUD 221(d)(4) mortgage in the amount of \$10.5 million at 2.45%. Additionally, tax credits of \$6.4 million and a CDA loan total \$4.1 million have been committed. The total development cost is \$21M.

New Irvine Turner Urban, LLC

New Irvine Turner Urban, LLC closed into a tax credit transaction on May 12th, 2022. The tax credit partnership assumed the FHA 223(f) loan used by NHPF to acquire the property in 2019 and added a supplemental FHA loan known as a 241(a) with a 40-year amortization to finance rehabilitation costs (the FHA Supplemental Loan).

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
The NHP Foundation

We have audited the consolidated financial statements of the NHP Foundation as of and for the year ended December 31, 2021, and have issued our report thereon dated June 29, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Bethesda, Maryland
June 29, 2022

THE NHP FOUNDATION AND ITS AFFILIATED ENTITIES

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2021

	NHPF	Operation Pathways	Interstate	FCHC Falls Church	Workforce Affordable Housing Fund	NHPF Texas	Park Heights Lender	All Real Estate Entities	Other Entities	Subtotal	Consolidated Eliminations	Total
Assets:												
Cash and cash equivalents												
Cash - restricted	\$ 6,973,812	\$ -	\$ -	\$ 38,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,012,072	\$ -	\$ 7,012,072
Cash - deposits and escrows	-	-	-	260,873	571,551	-	-	109,699,104	738,854	111,270,382	-	111,270,382
Cash - unrestricted	10,961,565	341,473	33,214	3,951,671	2,279,299	-	858,790	13,532,211	291,777	32,250,000	-	32,250,000
Total cash and cash equivalents	17,935,377	341,473	33,214	4,250,804	2,850,850	-	858,790	123,231,315	1,030,631	150,532,454	-	150,532,454
Current assets												
Accounts receivable	111,537	16,410	-	2,068	90,235	-	-	3,653,198	4,690	3,878,138	-	3,878,138
Other current assets	538,773	50,000	-	19,230	177,228	-	-	2,932,427	78,873	3,796,531	-	3,796,531
Developers fees receivable, current	5,590,401	-	-	-	-	-	-	-	-	5,590,401	-	5,590,401
Other receivable:												
Predevelopment costs	6,898,326	-	-	-	-	-	-	3,987,973	-	10,886,299	(80,955)	10,805,344
Working capital advances receivable	7,744,942	-	744,710	-	-	-	-	-	1,119,593	9,609,245	(9,609,245)	-
Development advances receivable	4,676,692	-	-	-	-	-	-	-	-	4,676,692	(4,594,185)	82,507
Total current assets	43,496,048	407,883	777,924	4,272,102	3,118,313	-	858,790	133,804,913	2,233,787	188,969,760	(14,284,385)	174,685,375
Non-current assets												
Fixed assets, net	110,999	-	-	3,649,266	104,239,968	-	-	707,046,333	5,727,667	820,774,233	(37,317,990)	783,456,243
Construction in progress	3,178,993	-	-	-	-	-	-	79,057,299	258,181	82,494,473	-	82,494,473
Intangible assets, net	-	-	-	-	-	-	-	4,206,552	-	4,206,552	-	4,206,552
Notes receivable and accrued interest	71,489,215	-	-	39,839	-	1,693,121	-	14,852,673	29,030,820	117,105,668	(116,467,533)	638,135
Developers fees receivable, net of current	26,680,018	-	-	-	-	-	-	-	-	26,680,018	(15,961,594)	10,718,424
Asset, partnership and incentive management fees receivable	79,709	-	5,800	-	-	-	-	14,588	1,460,280	1,560,377	(1,431,435)	128,942
Due from affiliates	366,087	88,140	-	88,151	-	-	-	1,597,811	374,843	2,515,032	(2,511,440)	3,592
Investments in housing funds	8,159,283	-	-	(110)	55,093,307	-	-	-	(899,153)	62,353,327	(60,621,427)	1,731,900
Total non-current assets	110,064,304	88,140	5,800	3,777,146	159,333,275	1,693,121	-	806,775,256	35,952,638	1,117,689,680	(234,311,419)	883,378,261
Total assets	\$ 153,560,352	\$ 496,023	\$ 783,724	\$ 8,049,248	\$ 162,451,588	\$ 1,693,121	\$ 858,790	\$ 940,580,169	\$ 38,186,425	\$ 1,306,659,440	\$ (248,595,804)	\$ 1,058,063,636

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

December 31, 2021

	NHPF	Operation Pathways	Interstate	FCHC Falls Church	Workforce Affordable Housing Fund	NHPF Texas	Park Heights Lender	All Real Estate Entities	Other Entities	Subtotal	Consolidated Eliminations	Total
Liabilities:												
Current liabilities												
Accounts payable and accrued expenses	\$ 2,745,026	\$ 204,174	\$ -	\$ 75,025	\$ 288,923	\$ -	\$ -	\$ 21,992,004	\$ 44,757	\$ 25,349,909	\$ -	\$ 25,349,909
Other current liabilities	726,833	-	-	50,691	138,598	-	-	3,181,592	152,868	4,250,582	-	4,250,582
Notes payable and accrued interest, current	-	-	-	-	-	-	-	-	-	-	36,942,710	36,942,710
Developers fees payable, current	-	-	-	-	-	-	-	5,590,401	-	5,590,401	-	5,590,401
Predevelopment, working capital advances and accrued interest	341,618	-	-	105,486	-	-	-	11,587,803	2,185,257	14,220,164	(14,220,164)	-
Total current liabilities	3,813,477	204,174	-	231,202	427,521	-	-	42,351,800	2,382,882	49,411,056	22,722,546	72,133,602
Long-term liabilities												
Notes payable and accrued interest, net of current maturities	4,897,182	-	-	7,029,861	81,395,260	1,619,678	890,299	879,293,952	9,130,873	984,257,105	(137,406,483)	846,850,622
Developers fees payable, net of current portion	-	-	-	-	-	-	-	30,059,965	-	30,059,965	(15,961,594)	14,098,371
Asset, partnership and incentive management fees payable	-	-	-	-	112,853	-	-	2,579,042	40,000	2,731,895	(1,429,559)	1,302,336
Investments in housing funds	-	-	-	-	-	-	-	-	-	-	4,884,598	4,884,598
Due to affiliates	17,304	-	1,796	88,700	-	51,736	-	1,990,150	377,789	2,527,475	(2,527,375)	100
Other long-term liabilities	10,936,406	-	-	1,602	128,770	-	-	13,952,003	4,013	25,022,794	(12,512,706)	12,510,088
Total long-term liabilities	15,850,892	-	1,796	7,120,163	81,636,883	1,671,414	890,299	927,875,112	9,552,675	1,044,599,234	(164,953,119)	879,646,115
Total liabilities	19,664,369	204,174	1,796	7,351,365	82,064,404	1,671,414	890,299	970,226,912	11,935,557	1,094,010,290	(142,230,573)	951,779,717
Net assets:												
Without donor restrictions - controlling	133,895,983	70,214	781,928	830,296	80,295,111	21,707	(31,509)	(10,396,983)	25,762,182	231,228,929	(199,938,026)	31,290,903
Without donor restrictions - noncontrolling	-	-	-	(132,413)	92,073	-	-	(19,249,760)	488,686	(18,801,414)	93,572,795	74,771,381
Total net assets without donor restrictions	133,895,983	70,214	781,928	697,883	80,387,184	21,707	(31,509)	(29,646,743)	26,250,868	212,427,515	(106,365,231)	106,062,284
Net assets with donor restrictions	-	221,635	-	-	-	-	-	-	-	221,635	-	221,635
Total net assets	133,895,983	291,849	781,928	697,883	80,387,184	21,707	(31,509)	(29,646,743)	26,250,868	212,649,150	(106,365,231)	106,283,919
Total liabilities and net assets	\$ 153,560,352	\$ 496,023	\$ 783,724	\$ 8,049,248	\$ 162,451,588	\$ 1,693,121	\$ 858,790	\$ 940,580,169	\$ 38,186,425	\$ 1,306,659,440	\$ (248,595,804)	\$ 1,058,063,636

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

Year ended December 31, 2021

	NHPF	Operation Pathways	Interstate	FCHC Falls Church	Workforce Affordable Housing Fund	NHPF Texas	Park Heights Lender	All Real Estate Entities	Other Entities	Subtotal	Consolidated Eliminations	Total
Rent revenue, net	\$ -	\$ -	\$ -	\$ 1,455,797	\$ 8,275,984	\$ -	\$ -	\$ 83,395,627	\$ 1,064,703	\$ 94,192,111	\$ (133,333)	\$ 94,058,778
Developer fee revenue	14,682,998	-	-	-	-	-	-	-	-	14,682,998	(631,624)	14,051,374
Contributions and grants	70,647,480	534,346	8,918,930	271,261	-	-	-	174,951	129,884	80,676,852	(74,940,054)	5,736,798
Asset, partnership and incentive management fees	134,079	-	72,978	-	-	-	-	-	533,132	740,189	(653,184)	87,005
Financial revenue	2,755,869	-	-	56,742	-	123,887	-	537,959	1,195,388	4,669,845	(4,669,845)	-
Interest income	23,391	-	-	1,074	-	-	-	23,062	81	47,608	-	47,608
Other revenue	1,134,657	1,321,982	-	4,926	915,644	-	-	3,493,784	156,545	7,027,538	(855,694)	6,171,844
Total revenue	89,378,474	1,856,328	8,991,908	1,789,800	9,191,628	123,887	-	87,625,383	3,079,733	202,037,141	(81,883,734)	120,153,407
Payroll and related	8,642,346	744,258	-	608,301	840,533	-	-	12,211,786	121,823	23,169,047	-	23,169,047
Maintenance and repairs	-	-	-	156,039	1,279,682	-	-	14,404,505	96,314	15,936,540	-	15,936,540
Utilities	-	-	-	112,278	436,595	-	-	8,616,795	119,071	9,284,739	-	9,284,739
Professional fees	1,863,023	49,706	-	13,283	81,416	-	-	1,052,425	69,565	3,129,418	-	3,129,418
Management and administration	742,893	251,162	-	28,880	368,191	-	-	4,387,429	86,103	5,864,658	-	5,864,658
Rental expenses	1,085,509	-	-	-	1,428,651	-	-	558,792	-	3,072,952	(66,667)	3,006,285
Advertising and marketing	183,467	5,042	-	8,549	121,608	-	-	252,671	283	571,620	-	571,620
Travel	338,522	39,125	-	-	25	-	-	16,672	-	394,344	-	394,344
Taxes and insurance	145,937	18,441	476	61,557	414,295	5,146	-	9,520,478	214,619	10,380,949	-	10,380,949
Asset, partnership and incentive management fees	907,968	-	-	115,610	350,725	-	-	4,252,708	67,088	5,694,099	(1,498,568)	4,195,531
Grants and contributions expense	936,033	719	8,981,430	45,484	-	-	-	14,943,101	56,409,290	81,316,057	(74,915,750)	6,400,307
Financing fees	200,000	-	-	-	84,378	-	30,148	947,496	1,175	1,263,197	-	1,263,197
Depreciation and amortization	139,986	-	-	130,095	-	-	-	22,461,044	120,966	22,852,091	(75,771)	22,776,320
Other operating expenses	1,635	580,160	-	-	-	-	-	214,225	-	796,020	-	796,020
Interest	116,140	-	-	341,711	3,513,453	97,591	1,361	29,444,227	457,266	33,971,749	(3,795,051)	30,176,698
Non-operating expenses	2,646,030	-	-	163,057	179,994	-	-	1,858,984	13,578	4,861,643	(1,981,443)	2,880,200
Other losses (income) in housing funds	49,712,254	-	-	(292)	(366,121)	-	-	(5,428,438)	(3,071,493)	40,845,910	(44,522,110)	(3,676,200)
Total expense	67,661,743	1,688,613	8,981,906	1,784,552	8,733,425	102,737	31,509	119,714,900	54,705,648	263,405,033	(126,855,360)	136,549,673
Excess of expense over revenue (expenses over revenue)	21,716,731	167,715	10,002	5,248	458,203	21,150	(31,509)	(32,089,517)	(51,625,915)	(61,367,892)	44,971,626	(16,396,266)
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	(132,413)	92,073	-	-	(19,249,760)	488,686	(18,801,414)	-	(18,801,414)
Excess of revenue over expenses (expenses over revenue) attributable to the Organization	<u>\$ 21,716,731</u>	<u>\$ 167,715</u>	<u>\$ 10,002</u>	<u>\$ 137,661</u>	<u>\$ 366,130</u>	<u>\$ 21,150</u>	<u>\$ (31,509)</u>	<u>\$ (12,839,757)</u>	<u>\$ (52,114,601)</u>	<u>\$ (42,566,478)</u>	<u>\$ 44,971,626</u>	<u>\$ 2,405,148</u>



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