

Columbus Housing Partnership, Inc. and Affiliates dba Homeport

Consolidated Financial Statements and Supplementary Information
with Independent Auditors' Report

December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Columbus Housing Partnership, Inc. dba Homeport
Columbus, Ohio

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Columbus Housing Partnership, Inc. and Affiliates dba Homeport, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Columbus Housing Partnership, Inc. and Affiliates as of December 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual affiliates, and it is not a required part of the consolidated financial statements. The NeighborWorks America Capital Fund schedules requested by NeighborWorks America are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2019

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Consolidated Statements of Financial Position
 December 31, 2018 and 2017

Assets	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 7,434,834	6,317,769
Receivables:		
Fees receivable, net (Note 5)	550,000	650,000
Grants receivable	635,330	627,028
Other receivables (Note 5)	955,971	721,284
Prepaid expenses	<u>794,244</u>	<u>797,720</u>
 Total current assets	 <u>10,370,379</u>	 <u>9,113,801</u>
 Property and equipment:		
Office buildings, net (Note 3)	2,625,991	2,515,799
Rental properties, net (Note 3)	23,647,105	22,266,942
Properties held for sale (Note 3)	4,574,054	2,305,817
Construction in progress (Note 3)	<u>747,001</u>	<u>798,040</u>
 Total property and equipment	 <u>31,594,151</u>	 <u>27,886,598</u>
 Noncurrent assets:		
Restricted cash (Note 7)	8,425,667	8,870,677
Fees receivable, net (Note 5)	155,709	557,287
Notes receivable, net (Note 6)	12,806,032	13,389,861
Related party receivables, net (Note 4)	119,767	217,917
Investments	122,884	127,186
Deposits	1,429	11,829
Investment in unconsolidated entities (Note 8)	<u>9,955,101</u>	<u>9,549,104</u>
 Total noncurrent assets	 <u>31,586,589</u>	 <u>32,723,861</u>
 Total assets	 \$ <u><u>73,551,119</u></u>	 <u><u>69,724,260</u></u>

See accompanying notes to the financial statements.

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidated Statements of Financial Position (Continued)
December 31, 2018 and 2017

Liabilities and Net Assets

	<u>2018</u>	<u>2017</u>
Current liabilities:		
Lines of credit (Note 9)	\$ -	364,055
Conditional notes payable, current (Note 10)	776,186	1,037,421
Long-term debt, current (Note 11)	4,443,963	2,649,254
Accounts payable	862,520	389,061
Accrued expenses	1,211,512	1,213,188
Accrued interest payable (Note 12)	105,708	100,518
Deferred grant advances	67,500	30,000
Deferred revenue	418,109	196,554
	<u>7,885,498</u>	<u>5,980,051</u>
Total current liabilities		
Long-term liabilities:		
Security and warranty deposits	394,661	340,389
Accrued interest payable (Note 12)	5,354,458	3,931,686
Deferred grant advances, State of Ohio (Note 13)	513,329	557,996
Line of credit (Note 9)	1,017,916	-
Conditional notes payable (Note 10)	13,807,970	14,531,162
Long-term debt (Note 11)	28,027,239	27,986,511
Less: unamortized debt issuance costs	(863,099)	(764,171)
Obligation under interest rate swaps (Note 14)	12,181	64,909
	<u>48,264,655</u>	<u>46,648,482</u>
Total long-term liabilities		
Total liabilities	<u>56,150,153</u>	<u>52,628,533</u>
Net assets:		
Without donor restrictions	9,458,380	8,274,576
With donor restrictions (Note 15)	7,942,586	8,821,151
	<u>17,400,966</u>	<u>17,095,727</u>
Total net assets		
Total liabilities and net assets	\$ <u>73,551,119</u>	<u>69,724,260</u>

See accompanying notes to the financial statements.

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidated Statements of Activities
Years Ended December 31, 2018 and 2017

	2018	2017
Change in net assets without donor restrictions:		
Support:		
Government grants	\$ 845,384	839,725
Contributions (Note 16)	<u>1,272,926</u>	<u>1,101,759</u>
	<u>2,118,310</u>	<u>1,941,484</u>
Homeownership and lease purchase: (Note 17)		
Government grants	545,958	545,496
Development fees	237,556	317,444
Loss on sale of properties held for sale	<u>(527,950)</u>	<u>(769,361)</u>
	<u>255,564</u>	<u>93,579</u>
Revenues:		
Development fees	1,301,576	970,031
Rental	8,985,064	8,245,354
Fees and other revenue	458,954	395,646
Investment income	<u>232,085</u>	<u>232,919</u>
	<u>10,977,679</u>	<u>9,843,950</u>
Total support and revenues	<u>13,351,553</u>	<u>11,879,013</u>
Expenses:		
Program, administration and other	5,042,400	5,227,936
Rental	<u>6,378,597</u>	<u>6,009,498</u>
Total expenses	<u>11,420,997</u>	<u>11,237,434</u>
Change in net assets from operations before interest expense	1,930,556	641,579
Less interest expense	<u>1,331,386</u>	<u>1,308,707</u>
Change in net assets from operations before depreciation expense	599,170	(667,128)
Less depreciation expense	<u>1,415,769</u>	<u>1,291,864</u>
Change in net assets from operations before other operating income (expense)	<u>(816,599)</u>	<u>(1,958,992)</u>
Other operating income (expense):		
Gain on sale	6,875	-
Unrealized gain on interest rate swap (Note 14)	52,728	43,643
Fair value of net assets acquired over (under) carrying value, net (Note 24)	183,063	(50,045)
Interest expense on conditional notes payable	(179,160)	(220,979)
Equity in income (losses) of unconsolidated entities (Note 8)	(9,347)	462,411
Excess distributions from unconsolidated entities	<u>63,247</u>	<u>224,143</u>
Total other operating income (expense), net	<u>117,406</u>	<u>459,173</u>
Change in net assets from operations	(699,193)	(1,499,819)
Grant income passed through to tax credit projects	811,250	-
Purpose restricted contributions, released from restrictions	878,989	300,000
Time restricted grants, released from restrictions	<u>192,758</u>	<u>192,758</u>
Change in net assets without donor restrictions	\$ <u>1,183,804</u>	<u>(1,007,061)</u>

See accompanying notes to the financial statements.

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018	2017
Change in net assets without donor restrictions:		
Net assets without donor restrictions, beginning of year	\$ 8,274,576	9,281,637
Change in net assets without donor restrictions	1,183,804	(1,007,061)
Net assets without donor restrictions, end of year	\$ 9,458,380	8,274,576
 Change in net assets with donor restrictions:		
Net assets with donor restrictions, beginning of year	\$ 8,821,151	9,073,909
NeighborWorks America grant, purpose restricted	193,182	240,000
Net assets released from restrictions	(1,071,747)	(492,758)
Change in net assets with donor restrictions	(878,565)	(252,758)
Net assets with donor restrictions, end of year	\$ 7,942,586	8,821,151
 Change in total net assets:		
Total net assets, beginning of year	\$ 17,095,727	18,355,546
Change in net assets without donor restrictions	1,183,804	(1,007,061)
Change in net assets with donor restrictions	(878,565)	(252,758)
Change in total net assets	305,239	(1,259,819)
Total net assets, end of year	\$ 17,400,966	17,095,727

See accompanying notes to the financial statements.

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in total net assets	\$ 305,239	(1,259,819)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,415,769	1,291,864
Amortization of debt issuance costs	45,407	72,342
(Gain) loss on consolidation	(183,063)	50,045
Loss on properties held for sale	527,950	769,361
Gain on sale	(6,875)	-
Provision for losses on receivables	137,657	279,290
Equity in loss (income) of unconsolidated entities	9,347	(462,411)
Restricted funding	(1,004,432)	(240,000)
Effect of changes in operating assets and liabilities:		
Receivables	306,089	324,366
Prepaid expenses and deposits	48,134	177
Accounts payable and accrued expenses	490,689	(586,488)
Security and warranty deposits	(2,014)	(5,472)
Accrued interest payable	(109,084)	137,728
Deferred revenue and grant advances	214,388	(2,157)
Interest rate swap obligation	(52,728)	(43,643)
Net cash provided by operating activities	2,142,473	325,183
Cash flows from investing activities:		
Cash received in consolidation	205,363	63,920
Cash removed in deconsolidation	(69,914)	-
Change in restricted cash	1,158,034	561,897
Change in investments	4,302	(13,667)
Investment in unconsolidated entities	(767,484)	(39,101)
Distributions from Barrett	-	931,146
Proceeds from the sale of properties held for sale	971,168	1,149,271
Purchase of real estate and rehabilitation costs	(2,104,350)	(1,372,120)
Advances on notes receivable	(1,092,730)	(18,000)
Proceeds from repayment of notes receivable	433,901	638,887
Purchase of property and equipment	(917,729)	(956,533)
Net cash (used in) provided by investing activities	(2,179,439)	945,700
Cash flows from financing activities:		
Purchase of financing costs	(156,675)	(4,607)
Net proceeds (repayment) on lines of credit	653,861	(286,178)
Proceeds from restricted funding	1,004,432	240,000
Net repayment of conditional notes payable	(184,427)	(165,800)
Proceeds from long-term debt	2,294,000	799,908
Repayment of long-term debt	(2,457,160)	(925,082)
Net cash provided by (used in) financing activities	1,154,031	(341,759)
Net increase in cash	1,117,065	929,124
Cash, beginning of year	6,317,769	5,388,645
Cash, end of year	\$ 7,434,834	6,317,769

See accompanying notes to the financial statements.

1. ORGANIZATION:

Columbus Housing Partnership, Inc. dba Homeport (Homeport, Organization) is a private, nonprofit 501(c)(3) organization focused on providing homes, education and social services to low income individuals and families so they can succeed where they live. Homeport is “Building Vibrant Communities” in Central Ohio, one neighborhood, one person at a time.

Homeport was established in 1987 with the assistance of Enterprise Community Partners, Inc. (Enterprise), a not-for-profit organization, which promotes these goals and objectives on a national level, and became a member of NeighborWorks America, a national organization, in 2003. Homeport focuses on holistic affordable housing solutions including providing rental homes, revitalizing central city neighborhoods, providing homes for sale, and providing housing-related education. Residents have access to supportive services including one-on-one counseling and an array of place-based programs for youth and adults designed to stabilize families right at home, such as after-school programs, summer camps, health and resource fairs, and through partnerships with the food bank and others to provide groceries and prepared meals. Education programs include financial fitness, homebuyer education, and foreclosure prevention programming to the public, as well as to residents of Homeport rental communities, to enable people to achieve financial stability. Because Homeport residents have homes they can afford, they have more income remaining for the rest of life’s necessities.

Program descriptions

Homeport is reported as two divisions, Homeport Division (HP Division) and Homeport’s Home Ownership Division (HHO). The HP Division includes Learning and Engagement, which is comprised of Housing Advisory Services, Community Partners and Community Engagement; and Real Estate Development, which is comprised of Asset Management and Rental Development. HHO is the sales division committed to providing quality homes at an affordable price.

Measure of operations

In its consolidated statements of activities, the Organization includes in its definition of operations all direct revenue and expenses that are provided as part of its programs and supporting services. Funding that is passed through to related tax credit projects, eliminated earnings from subsidiaries and permanently restricted capital funding from NeighborWorks America has been reported after the change in net assets from operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Homeport are set forth to facilitate the understanding of data presented in the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of Homeport’s wholly and majority owned subsidiaries and the accounts of entities for which Homeport is considered to exercise significant control. All significant intercompany transactions and balances have been eliminated in the consolidation. The consolidated financial statements include the accounts of the following entities:

Homeport

CHP Homeport Homes, LLC is a wholly owned limited liability company which holds single family homes and other real estate used by HHO.

CHP Agler Road Office, LLC is a wholly owned limited liability company that owns and leases a corporate office facility in Columbus, Ohio.

Metro City Homes, Inc., a non-profit organization formed under the laws of the State of Ohio, is a wholly owned subsidiary of Columbus Housing Partnership, Inc. formed to further the mission statement of Homeport on a not-for-profit basis. Metro City Homes, Inc. has an 11.76% interest in Central City Development Fund I, LLC (CCDF). CCDF's mission is to make loans to facilitate the formation, development and growth of new and expandable affordable housing opportunities in the Columbus, Ohio metropolitan area.

CHP Equity Housing, LLC, CHP Equity New Salem Housing, LLC, CHP Equity Kimcourt II, LLC, CHP Equity Tussing, LLC, CHP Equity Framingham Housing, LLC, and CHP Equity Lease Option Homes, LLC are wholly owned limited liability companies that hold limited partnership interests in affordable housing projects.

CHP Barrett Single Family, LLC is a wholly owned limited liability company that maintains an ownership interest in legal entities that redeveloped a former middle school in Columbus, Ohio into housing.

Elim Senior Housing, Inc., a non-profit organization formed under the laws of the State of Ohio, is a wholly owned subsidiary of Columbus Housing Partnership, Inc. for the purpose of providing financing to Elim Manor Homes, Limited Partnership.

Corporations which maintain ownership in affordable housing projects - the consolidated financial statements also include the accounts of the following entities for which Homeport is considered to exercise significant control.

<u>Corporations</u>	<u>Ownership %</u>
Agler Elderly Housing, LLC	51
Agler Family Housing, LLC	51
Blacklick Crossing Housing, Inc.	100
CHP Arrowleaf Housing, Inc.	100
CHP Housing, Inc.	100
City View Housing, Inc.	76
Dunrobin Housing, Inc.	100
Duxberry Landing Housing, Inc.	76
East Mound Housing, Inc.	75
East Side Housing, Inc.	25
Eastway Village Housing, Inc.	76
Elim Estates Housing, Inc.	76
Elim Manor Elderly Facilities, Inc.	24
Emerald Glen Housing, Inc.	100
Enclave at Hilliard Run Housing, Inc.	100
Fairview Housing, Inc.	76
Fieldstone Court Housing, Inc.	76
Fourth Street Housing, Inc.	100
Gender Road Housing, Inc.	100
Grace Walk Housing, Inc.	100
Homes on the Hill, Inc.	100
Indianola Housing, Inc.	100

<u>Corporations</u>	<u>Ownership %</u>
Joyce Avenue Housing, Inc.	100
Kingsford Housing, Inc.	75
Linden Housing, Inc.	100
Luke's Crossing Project Corp.	75
Main Street Housing, Inc.	100
Maplegreen Housing, Inc.	100
Mariemont Housing, Inc.	76
Milo-Grogan Housing, Inc.	100
New Salem Homes, Inc.	51
Parkmead Apartments, Inc.	100
Por Los Ninos, Inc.	100
South East Housing, Inc.	100
Southside Housing, Inc.	76
Spruce Bough Housing, LLC	100
Summerfield Housing, Inc.	100
Trabue Crossing Housing, Inc.	100
Tussing Road Housing, Inc.	100
Urbancrest Affordable Housing Partners, Inc.	76
Victorian Heritage Housing, Inc.	100
Whittier Landing Housing, Inc.	76
Whitehall Elderly Housing Facilities, Inc.	100

The corporations listed are general partners (managing members for real estate entities formed as limited liability companies) in real estate limited partnerships (limited liability companies) which own multifamily rental and scattered site projects for low-income residents. The general partner interests in these Partnerships are generally up to 1%. As of December 31, 2018, Homeport had investments in 22 unconsolidated operating real estate entities, with a total of 1,381 housing units.

Homeport also owns a noncontrolling interest and does not exercise significant control in the following corporations that maintain an interest in affordable housing projects. As of and during the years ended December 31, 2018 and 2017 Homeport had no investment in or activity related to these entities.

<u>Corporations</u>	<u>Ownership %</u>	<u>Controlling Owner</u>
Briggsdale Apartments, Inc.	21	Community Housing Network, Inc.
Briggsdale Apartments II, Inc.	21	Community Housing Network, Inc.
CHN Preservation, Inc.	21	Community Housing Network, Inc.
Hawthorn Grove, Inc.	21	Community Housing Network, Inc.
Jefferson Avenue Apartments, Inc.	21	Community Housing Network, Inc.
Laurel Green Apts, Inc.	21	Community Housing Network, Inc.
Southpoint Apartments, Inc.	21	Community Housing Network, Inc.
Terrace Place, Inc.	21	Community Housing Network, Inc.
Jenkins Terrace Inc.	25	Columbus Metropolitan Housing Authority
Worley Terrace, Inc.	21	Columbus Metropolitan Housing Authority

Lease purchase for sale

HKS Associates, LLC was formed June 2005, under the laws of the State of Ohio, for the purpose of acquiring real estate for Homeport. The final two single-family condominiums were sold during 2015. Homeport is the sole member of the limited liability company.

Greater Linden Homes Limited Partnership was formed in February 1999, under the laws of the State of Ohio, for the purpose of constructing and operating 39 housing units located in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner and Linden Housing, Inc. the general partner. The previous limited partners transferred their interest to Homeport on July 31, 2016.

Kingsford Homes Limited Partnership was formed in February 2000, under the laws of the State of Ohio, for the purpose of constructing and operating 33 housing units located in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner and Kingsford Housing, Inc. the general partner. The previous limited partners transferred their interest to Homeport on December 31, 2016.

NHSS L.P. was formed in August 1995, under the laws of the State of Ohio, for the purpose of constructing and operating 50 single-family housing units on scattered sites in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Housing, LLC, the limited partner and East Side Housing, Inc. the general partner. The previous limited partners transferred their interest to Homeport on November 30, 2016. As of December 31, 2016, NHSS L.P. consisted of one housing unit classified as held for sale which was sold during 2017.

Joyce Avenue Homes Limited Partnership was formed in March 2001, under the laws of the State of Ohio, for the purpose of constructing and operating 31 units of single-family affordable housing on scattered sites in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner, and Joyce Avenue Housing, Inc., the general partner. The previous limited partners transferred their interest to Homeport on December 31, 2017.

South East Columbus Homes Limited Partnership was formed in February 2000, under the laws of the State of Ohio, for the purpose of constructing and operating 37 units of single-family affordable housing on scattered sites in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner, and South East Housing, Inc., the general partner. The previous limited partners transferred their interest to Homeport on December 31, 2017.

Mariemont Homes Limited Partnership was formed in March 2001, under the laws of the State of Ohio, for the purpose of constructing and operating 32 units of single-family affordable housing located in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner, and Mariemont Housing, Inc., the general partner. The previous limited partners transferred their interest to Homeport on December 31, 2018.

Fairview Homes Limited Partnership was formed in March 2002, under the laws of the State of Ohio, for the purpose of constructing and operating 32 units of single-family affordable housing on scattered sites in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner, and Fairview Housing, Inc., the general partner. The previous limited partners transferred their interest to Homeport on December 31, 2018.

Southside Homes Limited Partnership was formed in March 2001, under the laws of the State of Ohio, for the purpose of constructing and operating 32 units of single-family affordable housing on scattered sites in Columbus, Ohio. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Lease Option Homes, LLC, the limited partner, and Southside Housing, Inc., the general partner. The previous limited partners transferred their interest to Homeport on December 31, 2018.

Rental properties

Obetz Village Limited Partnership was formed in August 1990, under the laws of the State of Ohio, for the purpose of constructing and operating a 100-unit apartment community located in Columbus, Ohio. The apartment community, known as Indian Mound Apartments, began operations in August 1990. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Housing, LLC, the limited partner, and Por Los Ninos, Inc., the general partner.

Kimcourt Limited Partnership was formed in June 1991, under the laws of the State of Ohio, for the purpose of constructing and operating a 100-unit apartment community located in Columbus, Ohio. The apartment community, known as Raspberry Glen Apartments, began operations in September 1993. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Housing, LLC, the limited partner, and Por Los Ninos, Inc., the general partner.

Parkmead Apartments Limited Partnership was formed in December 1991, under the laws of the State of Ohio, for the purpose of constructing and operating a 72-unit affordable housing complex located in Grove City, Ohio. The apartment community, doing business as Parkmead Apartments, began operations in 1992. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Housing, LLC, the limited partner, and Parkmead Apartments, Inc., the general partner.

Emerald Glen Housing Limited Partnership was formed September 1993, under the laws of the State of Ohio, for the purpose of constructing and operating a 130-unit affordable housing complex located in Columbus, Ohio. The apartment community, doing business as Emerald Glen Apartments, began operations in 1995. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Housing, LLC, the limited partner, and Emerald Glen Housing, Inc., the general partner.

George's Creek Limited Partnership was formed September 1994, under the laws of the State of Ohio, for the purpose of constructing and operating a 120-unit multi-family apartment project located in Columbus, Ohio. The apartment community, doing business as George's Creek Apartments, began operations in 1995. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Housing, LLC, the limited partner, and Gender Road Housing, Inc., the general partner.

CHP Kimberly, Inc., a non-profit organization, is a wholly owned subsidiary of Columbus Housing Partnership, Inc. formed to develop, construct, own, maintain and operate a multi-family rental housing project. The rental property, doing business as Marsh Run Apartments, is a 184-unit apartment located in Columbus, Ohio.

Friends/VVA Apartments, Inc. is a non-profit organization that owns and operates 16 units of affordable rental housing for the elderly and handicapped in Columbus, Ohio. As of July 4, 2014, the amended and restated code of regulations names Columbus Housing Partnership, Inc. as the sole member.

Kimcourt II Limited Partnership was formed April 1994, under the laws of the State of Ohio, for the purpose of constructing and operating a 78-unit apartment building. The apartment community, doing business as Kimberly Meadows, began operations in 1997. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Kimcourt II, LLC, the limited partner, and Por Los Ninos, Inc., the general partner.

Tussing Road Homes Limited Partnership was formed February 1998, under the laws of the State of Ohio, for the purpose of constructing and operating a 136-unit apartment building. The apartment community, doing business as Pheasant Run, began operations in 2000. Homeport has controlling ownership in this partnership through its subsidiaries CHP Equity Tussing, LLC, the limited partner, and Tussing Road Housing, Inc., the general partner.

Other controlled entities

Other controlled entities are wholly owned subsidiaries of Columbus Housing Partnership, Inc. formed to construct real estate through the federal Low-Income Housing Tax Credit program. Other controlled entity during 2018 was Arrowleaf Apartments L.P. Other controlled entity during 2017 was Blacklick Crossing Homes LLC.

Basis of accounting

The financial statements of Homeport have been prepared on the accrual basis of accounting.

Adoption of new accounting standard

During 2018, Homeport adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies. Homeport has implemented this guidance and the resulting changes have been applied retrospectively to all periods presented. There was no impact to total net asset balances.

Financial Statement Presentation

In accordance with the Not-for-Profit Entities Topic 958 of the FASB Accounting Standards Codification (ASC) Homeport is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. When a donor-imposed restriction is met in the same reporting period, the support is recorded as net assets without donor restrictions.

Net assets without donor restrictions represent funds available for grants and expenses which are not otherwise limited by donor restrictions. Net assets without donor restrictions includes designated cash reserves by the Board of Directors which were established to ensure that the Organization has the funds available to pay any possible future obligations that may arise from commitments and contingencies. The board designated \$250,000 as of December 31, 2018 and 2017.

Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event, a specific passage of time, or must be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in either the statements of activities or the statements of changes in net assets as net assets released from restrictions. Net assets with donor restrictions are described in Note 15.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash flow disclosures

For the purpose of determining cash flows, management deems cash to be all amounts on hand, in demand deposits and highly liquid investments that have an original maturity of three months or less. Cash paid for interest during 2018 and 2017 amounted to \$1,526,580 and \$1,617,809, respectively. Interest capitalized during 2018 and 2017 amounted to \$0 and \$6,836, respectively.

Restricted cash

Restricted cash includes advanced loan funds for the security deposits, replacement, working capital, operating and operating deficit reserve accounts that are restricted by entity agreements or permanent loan documents. Restricted cash also includes cash limited to long-term purposes by NeighborWorks America and cash held as a fiscal agent.

Prepaid expenses

The Organization reports impound reserve accounts for property taxes and insurance as prepaid expenses.

Property and equipment and depreciation

Property and equipment are stated at cost when purchased, and at fair value when donated. Major expenditures for property and equipment and expenditures, which substantially increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is calculated over the estimated useful lives of the assets, ranging from 3 to 40 years, using the straight-line method.

Homeport reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds fair value of such property. No impairment loss was recognized during 2018 and 2017.

Real estate development costs

Costs that clearly relate to real estate development projects are capitalized. Costs are allocated to project components by the specific identification method whenever possible. Interest costs are capitalized while development is in progress.

Purchase price allocation

The purchase price of acquired properties (businesses as defined in the accounting guidance related to business combinations) is allocated to tangible and identified intangible assets and liabilities based on their respective fair values at the date of the transaction. Such tangible and intangible assets include land, building, acquired above market and below market leases (if any), in-place lease value, customer relationships (if any), and any assumed financing that is determined to be above or below market terms.

Any additional amounts are allocated to goodwill as required, based on the remaining purchase price in excess of fair value of the tangible and intangible assets acquired and liabilities assumed. Any excess of the value assigned to the net identifiable assets acquired over the purchase price is recognized in earnings as a contribution (bargain purchase gain).

The allocation of the purchase price is an area that requires judgment and significant estimates. The allocation to tangible assets (building and land) is based upon Homeport's determination of the value of the property as if it were to be replaced and vacant and by analyzing the anticipated income from the property and converting it into an opinion of present value using an industry acceptable capitalization rate. The allocation between land and building considers factors such as county tax records and other acceptable industry practices. Homeport determines whether any financing assumed is above or below market based upon comparison to similar financing terms for similar investment properties.

These allocations are subject to change based on information received within one year of the purchase related to one or more events identified at the time of purchase which confirm the value of an asset or liability received in an acquisition of property.

Homeport expenses acquisition costs of all transactions as incurred. All costs of finding, analyzing and negotiating a transaction and settlement charges are expensed as incurred, whether or not the acquisition is completed.

Notes receivable and interest income

Notes receivable are recorded at unpaid principal balances, less an allowance for loan losses. The allowance is established, as losses are estimated to have occurred and notes receivable are charged against the allowance when management believes the uncollectability of a note balance is confirmed. Payments on the notes are to be made out of available cash flow by the borrower, as defined, with principal plus accrued but unpaid interest being deferred until the earlier of (a) the note's maturity date (b) the date the properties cease to be qualified low-income projects, or (c) the date the properties are refinanced or sold. Due to the uncertainty of repayment and the deferral of interest, the Organization recognizes interest income on notes receivable from affiliates as received.

The note's principal is evaluated for collectability to determine whether it is impaired. A note is considered impaired when, based on current information and events, it is probable that Homeport will be unable to collect all amounts due according to the existing contractual terms. When a note is considered to be impaired, the amount of the allowance is calculated by comparing the recorded investment to either the value determined by discounting the expected future cash flows using the note's effective interest rate or to the fair value of the collateral if the note is collateral dependent. Impaired loans are classified as nonperforming and, consequently, interest income is only recognized on these loans when actually received from the borrower. Partial payments of contractual amounts due on impaired loans are treated as interest income on a cash basis until such time as the loan is restored to performing status.

Investments

Investments include various types of pooled investments held and invested by the Columbus Foundation on behalf of the Organization. The investments are valued at their fair values in the consolidated statements of financial position and unrealized gains and losses are included in the consolidated statements of activities. Donated investments are recorded at the fair value at the time received.

Homeport maintains an investment account for NeighborWorks capital funds with Key Bank holding Treasury Bills for amounts exceeding FDIC insurance.

Investment in unconsolidated entities

Homeport accounts for its investment in entities, for which it does not exercise significant control, under the equity method of accounting, where the investment is initially recorded at cost, and Homeport's share of earnings is reflected in income as earned and distributions are credited against the investment when received. Amounts invested are generally not available for use by Homeport.

Homeport evaluates the carrying amount of investments on a periodic basis and recognizes impairment when the carrying amount exceeds the fair value for other than on a temporary basis. It is reasonably possible that Homeport's estimate of investments' fair value may change in the near term by a material amount.

Conditional notes payable

Notes payable that contain a provision for the forgiveness of debt are recorded as conditional notes payable until the contingency becomes remote. Conditional notes payable must be repaid in full with interest upon an event of default during the loan term or upon Homeport receiving repayment on the corresponding note receivable.

Debt issuance costs

Debt issuance costs are amortized over the period of the related loan using the straight-line method and reported net of related accumulated amortization at December 31, 2018 and 2017 of \$157,110 and \$189,007, respectively.

Derivative financial instruments

Homeport's strategy in entering into interest rate swap agreements is to add stability to interest expense and to manage exposure to interest rate movement by converting variable rate debt to a fixed rate. The interest rate swap is recognized as either an asset or liability and measured at fair value. The change in the fair value of the interest rate swap is recognized in other operating income (expense) as unrealized gain or loss on interest rate swap in the period of change. The realized gain or loss on the interest rate swap currently adjusts interest expense when interest on the related debt is accrued.

Revenue recognition

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Homeport and are measured at their fair values. Contributions are classified as an increase in net assets without donor restrictions if the donor gives Homeport the immediate right to use, without restrictions, the assets it receives. Otherwise, the contribution is classified as an increase in net assets with donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, Homeport reports the support as net assets without donor restrictions.

Homeport rents its properties under leases with various terms and options with payments due on the first of the month. Revenues are recognized into income in the period in which the rental payments are earned. Vacancy loss and concessions are shown as a reduction of rental income. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Development fee revenue

Development fee revenue is recognized during the development period based on the percentage of completion method of accounting that matches revenue with services performed under the agreements.

Advertising costs

Advertising costs are expensed as incurred. Advertising expense was \$84,024 and \$64,648 for the years ended December 31, 2018 and 2017, respectively.

Donated services

Volunteers have donated a significant number of hours in assisting Homeport in providing services and programs to the residents or purchasers of affordable homes sponsored by the Organization. Homeport received 3,090 volunteer hours during 2018 and 5,869 during 2017. The value of this contributed time is not reflected in the accompanying financial statements since they do not require specialized skills.

Donated professional services are reflected in the accompanying financial statements at their fair value. Homeport recorded donated legal services in the amount of \$30,317 and \$28,899 for the years ended December 31, 2018 and 2017, respectively.

Federal income taxes

Homeport, Elim Senior Housing, Inc. Friends/VVA Apartments, Inc. and CHP Kimberly, Inc. are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The activities of Homeport's single member limited liability companies are included with the activity of Homeport for federal tax reporting purposes. The for-profit subsidiaries did not require a provision for income taxes.

Accounting for uncertainty in income taxes

Income from certain activities not directly related to Homeport's tax-exempt purpose is subject to taxation as unrelated business income. Homeport's reporting returns are subject to audit by federal and state taxing authorities. The Organization's policy with regard to interest and penalties is to recognize interest through interest expense and penalties through operating expenses. No income tax provision has been included in the financial statements as Homeport has determined it does not have unrelated business income subject to taxation.

Recent accounting pronouncements

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Organization's year ending December 31, 2019.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard will assist entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. This standard will be effective for the Organization's year ending December 31, 2019.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows*, to reduce the diversity in how entities present restricted cash and restricted cash equivalents in the statement of cash flows. The amendments in ASU 2016-18 require restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This standard will be effective for the Organization's year ending December 31, 2019.

Concentration of credit risk

Homeport maintains its cash in several regional financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 in each institution. At various times during the year, Homeport had funds in excess of \$250,000.

Reclassifications

Certain reclassifications have been made to the prior year presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

Subsequent events

Management of Homeport evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 28, 2019, the date the financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT:

The following summarizes Homeport's fixed assets at December 31:

	<u>2018</u>	<u>2017</u>
Property and equipment:		
Office buildings:		
Land and land improvements	\$ 160,000	160,000
Buildings and improvements	2,685,483	2,501,787
Furniture, fixtures and equipment	396,628	384,977
Less accumulated depreciation	<u>(616,120)</u>	<u>(530,965)</u>
	<u>2,625,991</u>	<u>2,515,799</u>
Rental properties:		
Land and land improvements	3,506,784	3,187,745
Buildings and improvements	30,197,843	27,819,483
Less accumulated depreciation	<u>(10,057,522)</u>	<u>(8,740,286)</u>
	<u>23,647,105</u>	<u>22,266,942</u>
Properties held for sale	<u>4,574,054</u>	<u>2,305,817</u>
Construction in progress	<u>747,001</u>	<u>798,040</u>
Total property and equipment	<u>\$ 31,594,151</u>	<u>27,886,598</u>

Properties held for sale at December 31, 2018 and 2017 consists of 103 and 55, respectively, housing units with an average carrying value of each housing unit of approximately \$44,000 and \$42,000, respectively.

4. RELATED PARTY RECEIVABLES, NET:

Homeport has advanced funds to entities in which subsidiaries of Homeport are a general partner or managing member. These funds generally represent expenses paid by Homeport on behalf of the entities and are repaid as cash flow permits. At December 31, 2018 and 2017 the amount owed totaled \$164,107 and \$262,257, respectively, reported net of an allowance of \$44,340.

5. RECEIVABLES:

Fees receivable, net consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Development	\$ 1,137,002	1,571,301
Asset management	182,344	215,132
Service coordinator	12,264	36,923
Real estate tax refund administration	<u>83,127</u>	<u>163,134</u>
Fees receivable	1,414,737	1,986,490
Less: allowance for receivable losses	<u>(709,028)</u>	<u>(779,203)</u>
Fees receivable, net	705,709	1,207,287
Less: current	<u>(550,000)</u>	<u>(650,000)</u>
Noncurrent fees receivable, net	\$ <u><u>155,709</u></u>	<u><u>557,287</u></u>

	<u>2018</u>	<u>2017</u>
Allowance for receivable losses:		
Balance, beginning of year	\$ 779,203	815,751
Charge-offs	(145,175)	(185,520)
Provision for losses	75,000	203,730
Recoveries on receivables	<u>-</u>	<u>(54,758)</u>
Balance, end of year	\$ <u><u>709,028</u></u>	<u><u>779,203</u></u>

Under the terms of the partnership or operating agreements for various real estate entities in which a subsidiary of Homeport is a general partner or managing member, Homeport is entitled to receive fees for development services. Based on the financial position of the real estate entities, certain development fees are deferred due to cash flow restraints of the entities and will be repaid as cash flow permits or upon termination of the entities. The development fee receivables are noninterest-bearing. Management makes an assessment of the ultimate realization of these receivables on an annual basis and estimates an allowance for doubtful accounts based upon the financial condition of the limited partnership as well as Homeport's historical evidence of collections. Because of these factors, it is reasonably possible that the estimated losses may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Other receivables consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Delinquent tenant rent	\$ 148,394	86,519
Central Ohio Housing Development Organization, Inc.	113,617	112,178
Pledges receivable	70,140	42,140
Proceeds from single family home sales	255,636	180,089
Employee advances	1,899	485
Lease receivables and other	<u>366,285</u>	<u>299,873</u>
	\$ <u><u>955,971</u></u>	<u><u>721,284</u></u>

6. NOTES RECEIVABLE:

Notes receivable consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Notes receivable	\$ 14,086,032	14,669,861
Less allowance for loan losses	<u>(1,280,000)</u>	<u>(1,280,000)</u>
	<u>\$ 12,806,032</u>	<u>13,389,861</u>

Homeport has long-term notes receivable from various entities including unconsolidated subsidiaries of which Homeport has a general partner or managing member interest. The notes are generally secured by real estate and bear interest ranging from 1½% to 11%. The repayment terms of the notes either require no repayment until the first mortgages on the related partnership property are repaid or require repayment of interest and principal from cash flows of the entities, as defined. The notes have maturity dates through 2057. Homeport recognized interest income of \$233,041 and \$216,551 from cash received on impaired notes in 2018 and 2017, respectively. Total cumulative interest of approximately \$3,300,000 and \$4,500,000 at December 31, 2018 and 2017, respectively, has not been recorded or recognized as income on the notes receivable as management deems such interest to be contingent. Interest income on impaired loans will be recognized when the respective interest payments are received.

Management makes an assessment of the ultimate realization of notes receivable on an annual basis based upon the financial condition of the entities. This assessment includes consideration of conditional notes payable obtained through grant borrowings that have been deferred and require repayment only if the related note receivable is repaid to Homeport. Conditional notes payable relating to notes receivable amounted to \$10,007,945 and \$10,862,197 at December 31, 2018 and 2017, respectively.

Due to the financial uncertainty of the projects and maturity length of these notes, actual amounts received from these loans could differ from the amounts recorded in the consolidated statements of financial position. However, the amount of the change that is reasonably possible cannot be estimated.

Management deems loans to properties that do not have sufficient cash flow available to pay interest currently to be impaired due to the uncertainty in cash flow of the borrower and the ultimate outcome and valuation of the transfer of the property at year fifteen. The entire allowance for notes receivable relates to impaired loans. At December 31, 2018 and 2017, the recorded investment in impaired loans amounted to \$14,068,032 and \$14,576,861, respectively. The average recorded investment in impaired loans at December 31, 2018 and 2017 was approximately \$320,000 and \$290,000, respectively.

7. RESTRICTED CASH:

Restricted cash included the following accounts at December 31:

	<u>2018</u>	<u>2017</u>
Homeport operating deficit reserves (Note 22)	\$ 1,151,870	1,151,304
NeighborWorks America	412,411	615,816
Capital held for development	73,555	563,555
Other restricted cash	32,650	25,959
Rental properties:		
Security deposits	384,592	327,228
Replacement reserve	5,529,149	5,274,872
Working capital reserve	210,203	156,333
Operating reserve	570,934	730,601
Repair escrow	<u>60,303</u>	<u>25,009</u>
	<u>\$ 8,425,667</u>	<u>8,870,677</u>

8. INVESTMENT IN UNCONSOLIDATED ENTITIES:

The following summarizes Homeport's investment in unconsolidated entities at December 31:

	<u>2018</u>	<u>2017</u>
Investment in tax credit projects	\$ 9,782,474	9,371,926
Investment in Central City Development Fund	<u>172,627</u>	<u>177,178</u>
	<u>\$ 9,955,101</u>	<u>9,549,104</u>

Investment in unconsolidated entities are recorded under the equity method of accounting. The investments are initially recorded at cost and adjusted upward or downward for Homeport's proportionate share of the earnings or losses. Homeport adjusted its carrying value for the proportionate share of (losses) income in the amount of \$(9,347) and \$462,411 for the years ended December 31, 2018 and 2017, respectively.

Homeport's carrying value of its investment in tax credit projects differs from its share of the equity based on the capital contributions required in the individual partnership or operating agreements that are not in proportion to the ownership percentages. Therefore, Homeport reviews its investment in tax credit projects for impairment by considering whether declines in the fair values of those investments, versus carrying values, may be other than temporary in nature.

A financial summary for the investment in tax credit projects that are actively managed as of December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Assets:		
Rental property, net	\$ 101,146,523	89,621,818
Other assets	<u>13,899,450</u>	<u>14,220,926</u>
Total assets	\$ <u>115,045,973</u>	<u>103,842,744</u>
Liabilities and Equity:		
Mortgage debt	\$ 61,623,269	59,125,291
Other liabilities	3,576,342	5,605,499
Equity	<u>49,846,362</u>	<u>39,111,954</u>
Total liabilities and equity	\$ <u>115,045,973</u>	<u>103,842,744</u>
Net rental income	\$ 8,069,474	8,145,952
Rental expenses	<u>13,093,837</u>	<u>13,512,495</u>
Net real estate loss	(5,024,363)	(5,366,543)
Interest income	93,287	91,370
Other comprehensive income	<u>144,335</u>	<u>-</u>
Net loss	\$ <u>(4,786,741)</u>	<u>(5,275,173)</u>

A financial summary for the investment in Central City Development Fund I, LLC as of December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Total assets	\$ <u>1,780,421</u>	<u>1,784,418</u>
Liabilities and equity:		
Total liabilities	\$ 307,400	272,400
Total equity	<u>1,473,021</u>	<u>1,512,018</u>
Total liabilities and equity	\$ <u>1,780,421</u>	<u>1,784,418</u>
Net loss	\$ <u>(38,997)</u>	<u>(38,997)</u>

9. LINES OF CREDIT:

Homeport has a secured line of credit with Community Housing Capital totaling \$1,500,000 and \$4,200,000 as of December 31, 2018 and 2017, respectively to be drawn down for construction costs of single-family homes. The line of credit has an August 2021 maturity date and bears interest at 6.5%. The outstanding balance on the line of credit as of December 31, 2018 and 2017 was \$1,017,916 and \$339,055, respectively.

Homeport had a secured a line of credit with Neighborworks Capital Corporation totaling \$400,000 to be drawn down for cost associated with refinancing tax credit properties that are past their 15-year compliance period. The line of credit was repaid in full and was not extended past the February 2018 maturity date. The line of credit bore interest at a rate of 4.5% compounded quarterly. The outstanding balance on the line of credit as of December 31, 2018 and 2017 was \$0- and \$25,000, respectively.

10. CONDITIONAL NOTES PAYABLE:

Homeport has the following conditional notes payable at December 31:

	<u>2018</u>	<u>2017</u>
Board of Franklin County Commissioners loans, secured by mortgage on real estate held by Urbancrest Affordable Housing, LLC (2016) or Elim Manor Homes, L.P., bearing interest at 0%. The loans are forgiven through January 15, 2028 (the fifteen-year compliance period) and upon compliance with the terms and conditions of the loans. (Homeport)	\$ 200,000	200,000
One Mortgage Partners Corp. loans (Federal Home Loan Bank), bearing interest up to 3.00%, with principal and interest due annually out of excess cash in arrears through 2049 (Elim Estates) or forgiven after completion of the 15 year compliance period as defined and secured by real estate held by Eastway Village Homes, LLC or Duxberry Landing Homes, LLC. (Homeport for Elim Estates, Eastway and Duxberry)	788,360	788,360
City of Columbus and Franklin County advances, payable from sale proceeds of single family homes. (Homeport, HKS)	496,541	563,874
State of Ohio loans, collateralized by second and third mortgages on rental property, bearing interest at rates from 2% to 3% maturing through 2049. (Homeport)	9,211,585	10,065,837
City of Columbus loans, collateralized by mortgages on rental property, bearing interest at rates from 0% to 6.36%. (Homeport, CHP Homeport Homes, CHP Kimberly, Emerald Glen, Kimcourt II, Tussing Road)	<u>3,887,670</u>	<u>3,950,512</u>
Total	14,584,156	15,568,583
Less current portion	<u>(776,186)</u>	<u>(1,037,421)</u>
Long-term portion	\$ <u>13,807,970</u>	<u>14,531,162</u>

Homeport received proceeds from notes payable from the City of Columbus and the State of Ohio which were advanced to various tax credit entities in which a subsidiary of the Organization is a general partner or managing member. Under the terms of these notes, repayment of interest and/or principal may be required from available cash flow, as defined, from the related project. Subject to cash flow payments from the tax credit entities to Homeport, the conditional notes payable are not expected to be forgiven or repaid within the next five years. The current portion of conditional notes payable includes notes that have terms ending during 2019.

11. LONG-TERM DEBT:

Homeport has the following long-term debt at December 31:

	<u>2018</u>	<u>2017</u>
Huntington Bank loans secured by real estate, bearing interest at rates from 2.15% plus LIBOR to 7.33%. Principal and interest are due and payable on first of each month, maturing through January 2026. (CHP Agler, Kimcourt II, Southside Homes)	\$ 3,507,977	2,981,131
Affordable Housing Trust for Columbus and Franklin County loans, collateralized by mortgages on real estate, bearing interest at rates from 2% and 2.5%, repayment payable in monthly payments of interest only, maturing through August 2026. (Homeport, CHP Kimberly)	830,888	872,369
Central City Development Fund I, LLC related party loan, unsecured, bearing no interest. Repayment is due no earlier than 2021. (CHP Homeport Homes)	1,500,000	1,500,000
Columbus Foundation, collateralized by the assignments of real estate, rents and security, bearing interest at 3%, payable in quarterly payments of principal and interest through August 30, 2026. (CHP Kimberly)	3,054,799	3,177,611
Lancaster Pollard Mortgage Co. (HUD insured) payable in monthly installments through March 2051 bearing interest from 3.58 to 4.12% fixed. Secured by real estate. (George's Creek, Emerald Glen, Tussing Road)	7,889,729	8,020,208
United States Department of Housing and Urban Development (HUD), payable in monthly installments of \$4,292 through May 2031 bearing interest at 8.375% fixed. Secured by real estate. (Friends/VVA)	396,754	414,223
NWSL 2012 AHMI Fund, LLC loan, bearing interest at a fixed rate of 5.25%. Interest payments are due and payable quarterly. The unpaid principal balance is due November 1, 2019, secured by cash escrow of \$375,000. (Homeport)	1,500,000	1,500,000
Red Mortgage Capital, Inc. loan, bearing interest at 5.99%. Monthly payments of principal and interest in the amount of \$10,780, payable through March 1, 2018, secured by first mortgage on rental property. Refinanced in 2018, bearing interest at 4.4% payable in monthly installments of principal and interest in the amount of \$9,720 through April 2028. (Parkmead)	1,920,865	1,538,228

Columbus Housing Partnership, Inc. and Affiliates dba Homeport
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Bellwether Enterprise Real Estate Capital, LLC loans secured by real estate, bearing interest at 3.5%. Principal and interest are due and payable on first of each month, maturing on September 1, 2045. (Obetz, Kimcourt)	\$ 5,199,132	5,314,564
Ohio Housing Finance Agency loans secured by real estate, bearing interest at 1.00%. Principal and interest are due annually based on available surplus cash of the project, maturing on September 1, 2025. (Emerald Glen, Kimcourt II, Tussing Road)	785,500	842,743
Ohio Affordable Housing Loan Fund I, LLC, predevelopment loan bearing interest at the greater of WSJ prime minus 0.50% or 4.00%. Unpaid principal and interest due on the maturity date of the earlier of equity/construction loan closing or December 20, 2019. (Blacklick Crossing)	-	617,000
Park National Bank loan secured by real estate bearing interest at 4.45%. Principal and interest are due and payable on first of each month, maturing June 2037. (Greater Linden, Kingsford)	800,732	948,888
City of Columbus loans, collateralized by mortgages on rental property, bearing interest at rates from 5.48% to 6.50%. The loans are due and payable from the net proceeds received from the sale of the rental properties. (Kingsford, Greater Linden, Joyce Avenue, South East Columbus, Mariemont Homes, Southside Homes, Fairview Homes)	2,749,000	1,597,000
Community Housing Capital, Inc. loan secured by real estate and assignment of rents and security, bearing interest at 5.50%. Interest payments are due and payable monthly. The unpaid principal balance is due October 2019. (South East Columbus)	778,000	800,000
KeyBank loans, secured by real estate and assignment of rents and security, bearing interest at rates from 6.96% to 7.29%. Principal and interest are due and payable on the first of each month, maturity dates through June 2019. (Joyce Avenue and Mariemont Homes)	788,764	511,800

Columbus Housing Partnership, Inc. and Affiliates dba Homeport
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Fifth Third Bank loan is secured by real estate and assignment of rents and security, bearing interest at 7.637%. Principal and interest are due and payable on first of each month, maturing February 2020. (Fairview Homes)	\$ 514,062	-
Ohio Affordable Housing Loan Fund I, LLC loan is secured by real estate and assignment of rents and security, bearing interest at 4%, maturing June 2020. (Arrowleaf)	<u>255,000</u>	<u>-</u>
Total	32,471,202	30,635,765
Less current portion	<u>4,443,963</u>	<u>2,649,254</u>
Long-term portion	<u>\$ 28,027,239</u>	<u>27,986,511</u>

Obligations scheduled to mature within one year have been excluded from current liabilities when the Organization has the intent to refinance and a financing agreement is in place. A five-year summary of estimated future minimum payments required under the terms of the long-term debt is as follows:

	<u>Homeport</u>	<u>Affiliates</u>	<u>Total</u>
2019	\$ 1,576,341	2,867,622	4,443,963
2020	80,733	2,245,702	2,326,435
2021	1,585,800	1,191,547	2,777,347
2022	166,099	534,149	700,248
2023	96,279	559,299	655,578
Thereafter	<u>1,586,952</u>	<u>19,980,679</u>	<u>21,567,631</u>
	<u>\$ 5,092,204</u>	<u>27,378,998</u>	<u>32,471,202</u>

12. ACCRUED INTEREST PAYABLE:

Accrued interest payable, reported as a current liability, represents interest expected to be repaid within one year of the statement of financial position date using current assets of the Organization. Current accrued interest payable at December 31, 2018 and 2017 was \$105,708 and \$100,518, respectively.

Accrued interest payable, reported as a long-term liability includes interest usually up to 2% of the amount advanced with the State of Ohio or the City of Columbus as described in Note 10. The repayment of interest is conditional pending the repayment of the related note receivable from the unconsolidated tax credit entity or other conditions as defined in the loan agreements. In addition, consolidated real estate entities have conditional secondary mortgages with governmental entities that accrue interest based on the note agreements. Accordingly, accrued interest payable of \$5,354,458 and \$3,931,686 at December 31, 2018 and 2017, respectively, has been reported as a long-term liability as current assets of the Organization will not be used to satisfy these obligations.

13. DEFERRED GRANT ADVANCES – STATE OF OHIO:

Homeport received grant funding from the State of Ohio, which was loaned to affiliated entities to develop low-income housing. These entities must maintain safe, decent and sanitary housing for the entire affordability period (30 years). If the entities are in compliance, the grant advance subject to repayment is forgiven evenly over the compliance period. For the years ended December 31, 2018 and 2017, Homeport recognized loan forgiveness income of \$44,667 which was reported as government grants in the consolidated statements of activities.

As of December 31, 2018 and 2017, the balance of the deferred grant advance subject to repayment to the State of Ohio for noncompliance are as follows:

<u>Initial grant amount</u>	<u>Affordability period</u>		<u>2018</u>	<u>2017</u>
\$300,000	2030	\$	100,000	110,000
\$300,000	2031		110,000	120,000
\$220,000	2032		88,005	95,338
\$300,000	2032		120,000	130,000
\$220,000	2033		<u>95,324</u>	<u>102,658</u>
		\$	<u>513,329</u>	<u>557,996</u>

14. OBLIGATION UNDER INTEREST RATE SWAPS:

The derivative financial instrument is recorded in the accompanying statements of financial position as either an asset or liability measured at fair value. The fair value of Homeport's interest rate swap liability amounted to \$12,181 and \$64,909 as of December 31, 2018 and 2017, respectively. The effects on the statements of activities for the years ended December 31, 2018 and 2017 includes an unrealized gain of \$52,728 and \$43,643, respectively.

The following table presents information regarding the Organization's interest rate swap agreement, and summarizes the fair value of the Organization's interest rate swap liability at December 31, 2018:

<u>Notional Amount</u>	<u>Index</u>	<u>Fair Value</u>	<u>Instrument</u>	<u>Maturity</u>
\$ 976,035	US LIBOR	\$ (2,702)	Swap	01/2026
1,665,613	US LIBOR	(9,479)	Swap	12/2024
		\$ <u>(12,181)</u>		

The following table presents information regarding the Organization's interest rate swap agreement, and summarizes the fair value of the Organization's interest rate swap liability at December 31, 2017:

<u>Notional Amount</u>	<u>Index</u>	<u>Fair Value</u>	<u>Instrument</u>	<u>Maturity</u>
\$ 993,578	US LIBOR	\$ (21,495)	Swap	01/2026
1,722,817	US LIBOR	(43,414)	Swap	12/2024
		\$ <u>(64,909)</u>		

15. NET ASSETS WITH DONOR RESTRICTIONS:

Homeport maintains net asset with donor restrictions as follows at December 31 for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
<u>Subject to the passage of time:</u>		
HUD Section 202 Capital Advances	\$ 6,460,332	6,653,090
<u>Subject to expenditure for specified purpose:</u>		
NeighborWorks America Restricted Until First Use	114,595	240,000
<u>Subject to grantor approval:</u>		
NeighborWorks America Capital fund balance	<u>1,367,659</u>	<u>1,928,061</u>
	\$ <u>7,942,586</u>	<u>8,821,151</u>

HUD Section 202 Capital Advance

The Organization has recorded the proceeds from U.S Department of Housing and Urban Development (HUD) Section 202 capital advances as net assets with donor restrictions. The proceeds from the capital advances were invested in Elim Manor Homes, L.P. and Whitehall Elderly Facilities, L.P. The capital advances will be reclassified to net assets without donor restrictions evenly over the compliance periods. The terms of the Capital Advance Program require that the housing remain available for a period of not less than 40 years for very low-income elderly persons. At final maturity (December 1, 2050 for Elim Manor Homes, L.P. and December 16, 2053 for Whitehall Elderly Facilities, L.P.) the entire balance of the Capital Advances will be forgiven. The HUD Section 202 Capital Advances are secured by an “open-end” mortgage on the rental properties payable to HUD. The mortgages are noninterest-bearing and repayment of the principal balances are not required as long as the housing remains available to very low-income elderly persons.

The Organization must comply with the terms of the Capital Advance Program or it may be required to repay the entire Capital Advance of \$7,710,300 plus an accrued interest penalty (calculated at the default rate of 5.25%) of \$2,197,691 and \$1,792,900 at December 31, 2018 and 2017, respectively. The Organization’s total potential liability for noncompliance with the terms of the Capital Advance Program is \$9,907,991 and \$9,503,200 at December 31, 2018 and 2017, respectively.

Neighborworks America

In prior years, NeighborWorks America (NWA) has provided capital grants for making loans and for capital projects. This amount is restricted although proceeds on capital projects, or interest earned, over and above the corpus may be transferred to net assets without donor restrictions for furthering Homeport’s mission. However, should Homeport become defunct, all remaining grant funds, interest earnings, capital project proceeds, and the loan and capital projects portfolios representing the use of these funds will revert to NeighborWorks America. Homeport has \$1,000,000 in fidelity bond coverage as of December 31, 2018 to cover any loss of funds provided by NWA. The federal grant activity under the NeighborWorks restricted revolving loan fund is summarized in the supplementary schedules accompanying the financial statements. In addition, Homeport received restricted funding of \$193,182 and \$240,000 during 2018 and 2017 that is restricted until first use. The grant funds are recorded as restricted until used in accordance with an eligible purpose.

For the years ended December 31, December 31, 2018 and 2017, \$560,402 and \$300,000, respectively, of capital funds were released by NWA to net assets without donor restrictions.

16. CONTRIBUTIONS:

Contributions as reported in the statements of activities were received from the following sources for the year ended December 31:

	<u>2018</u>	<u>2017</u>
Individuals	\$ 36,206	42,318
Corporations	552,623	691,320
Foundations	<u>684,097</u>	<u>368,121</u>
	<u>\$ 1,272,926</u>	<u>1,101,759</u>

17. HOMEOWNERSHIP AND LEASE PURCHASE:

The Organization reports government grants used for gap subsidy funding, the loss on sale of single family housing units and related development fees as Homeownership and Lease Purchase on the consolidated statements of activities.

18. FUTURE MINIMUM RENTAL INCOME:

The Organization rents office space under multi-year leases. The lessees have payment obligations through 2022. Many of the leases provide for escalations over the terms of the lease. Minimum lease payments to be received under long-term commercial leases assuming no expiring leases are renewed as of December 31, 2018 were as follows:

2019	\$	212,681
2020		216,543
2021		170,214
2022		<u>28,029</u>
Total	\$	<u>627,467</u>

19. DEFERRED COMPENSATION PLAN:

Homeport maintains a 403(b) deferred compensation plan (the Plan) for all employees who have met the minimum age and service requirements. Homeport matches eligible employee deferrals. Employees may contribute to the Plan the lesser of up to 15% of their salary or the statutory maximum. Homeport's profit sharing contributions to the Plan are discretionary. Homeport contributed \$36,655 and \$34,943 to the Plan in 2018 and 2017, respectively.

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Columbus Housing Partnership, Inc. and Affiliates dba Homeport
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017

20. FUNCTIONAL CLASSIFICATIONS:

Following is a schedule of expenses by function for the year ended December 31, 2018:

	Real Estate	Community	Housing	Total			
	<u>Development</u>	<u>Life</u>	<u>Advisory</u>	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,017,951	491,244	441,172	2,950,367	646,871	191,148	3,788,386
Benefits and payroll taxes	551,440	113,704	86,607	751,751	131,210	39,185	922,146
Office	378,040	35,067	36,722	449,829	35,993	-	485,822
Client assistance	231,701	130,347	47,215	409,263	-	-	409,263
Professional and other contracts	259,996	23,610	17,741	301,347	37,809	-	339,156
Occupancy	3,093,837	6,384	4,385	3,104,606	10,369	-	3,114,975
Insurance	434,276	13,296	10,461	458,033	16,971	-	475,004
Travel, conferences and training	53,566	27,989	16,249	97,804	19,994	-	117,798
Advertising and marketing	47,094	15,768	23,315	86,177	65,210	62,268	213,655
Interest expense	1,301,456	4,454	5,977	1,311,887	19,499	-	1,331,386
Depreciation	1,402,632	1,973	2,284	1,406,889	8,880	-	1,415,769
Real estate taxes	665,345	-	-	665,345	-	-	665,345
Property management fees	568,066	-	-	568,066	-	-	568,066
Miscellaneous	134,235	2,060	8,805	145,100	2,565	-	147,665
Interest expense on conditional notes	179,160	-	-	179,160	-	-	179,160
Total	\$ 11,318,795	865,896	700,933	12,885,624	995,371	292,601	14,173,596

Following is a schedule of expenses by function for the year ended December 31, 2017:

	Real Estate	Community	Housing	Total			
	<u>Development</u>	<u>Life</u>	<u>Advisory</u>	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,053,934	416,141	370,380	2,840,455	945,287	178,386	3,964,128
Benefits and payroll taxes	514,288	94,570	72,583	681,441	193,465	36,516	911,422
Office	357,834	23,497	18,753	400,084	42,772	-	442,856
Client assistance	50,503	88,132	80,769	219,404	60	-	219,464
Professional and other contracts	186,903	45,134	25,055	257,092	60,785	-	317,877
Occupancy	2,919,611	6,023	4,352	2,929,986	10,915	-	2,940,901
Insurance	399,923	9,634	8,144	417,701	18,289	-	435,990
Travel, conferences and training	48,723	25,727	28,931	103,381	28,539	-	131,920
Advertising and marketing	65,595	23,872	30,178	119,645	10,932	40,421	170,998
Interest expense	1,278,445	4,020	6,467	1,288,932	19,775	-	1,308,707
Depreciation	1,276,441	2,257	3,133	1,281,831	10,033	-	1,291,864
Real estate taxes	650,683	-	-	650,683	-	-	650,683
Property management fees	515,345	-	-	515,345	-	-	515,345
Miscellaneous	492,893	91,641	5,044	589,578	(3,683)	-	585,895
Interest expense on conditional notes	220,979	-	-	220,979	-	-	220,979
Total	\$ 11,032,100	830,648	653,789	12,516,537	1,337,169	255,323	14,109,029

The costs of providing the various programs and activities have been summarized on a functional basis above. Occupancy related expenses are allocated based on the square footage of each department. All other expenses, including those allocated based on square footage are then re-allocated based on employee hours. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

21. OPERATING LEASES:

As of December 31, 2018 Homeport was obligated under two non-cancelable operating leases for equipment requiring payments of \$30,945 in 2019 and \$198 in 2020.

Rental expense on non-cancelable leases at December 31, 2018 and 2017 was approximately \$37,000 and \$48,000, respectively.

22. COMMITMENTS AND CONTINGENCIES:

Homeport issues a variety of guarantees in the course of developing tax credit properties. The guarantees are generally issued in favor of entity investors or lenders. If Homeport was required to honor the guarantees, generally it would be entitled to treat the advances as loans to the respective entities. There is currently no recorded liability for potential losses under these guarantees, nor is there any liability for the Organization's obligation to "stand ready" to fund such guarantees. Based on information gathered as part of its monitoring of risks, the Organization believes there is only a remote possibility that the Organization will be required to perform under these guarantees.

Operating deficit guarantees

Homeport has entered into various operating deficit guarantee agreements, whereby it will advance funds to certain affiliated limited partnerships' business. Total amounts guaranteed under operating deficit guarantee and pledge reserve agreements at December 31, 2018 and 2017 amounted to approximately \$3,177,000 and \$2,570,000, respectively.

Construction loan repayment and completion guarantees

Homeport has provided repayment guarantees for construction loans used for the development of tax credit properties. Homeport has also provided construction completion guarantees. There are no significant completion delays in current Homeport developments. To date, Homeport has not experienced non-completion of a project, nor has it been called on for any loan repayment guarantee. Construction loan repayment and completion guarantees as of December 31, 2018 and 2017 were approximately \$12,092,000 and \$24,600,000 respectively.

Tax benefit guarantees

As the sponsor or developer of certain properties financed in part by federal tax credit allocations, Homeport has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease up. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, Homeport has not experienced any calls on these guarantees. Tax benefit guarantees as of December 31, 2018 and 2017 were approximately \$51,311,000 and \$48,130,000, respectively.

Contingencies

Certain rental properties of Homeport have deferred first and second mortgage notes from the City of Columbus and the State of Ohio. The terms of the mortgage notes provide for repayment of \$4,011,500 in principal and \$9,677,699 in deferred and unpaid interest at December 31, 2018. The mortgage notes were assumed through business combinations and valued at the debts fair value at the time of acquisition. The fair value of the debt was determined based on cash flow projections of the property, management's intent on holding the property and the collaterals' fair value. The carrying value of these mortgage notes at December 31, 2018 was \$6,726,084.

Under the terms of Homeport's grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, would not have a material effect on Homeport's consolidated financial statements.

23. RELATED PARTY TRANSACTIONS:

Homeport earned income of \$1,773,911 and \$1,406,257 for the years ended December 31, 2018 and 2017, respectively, to related tax credit projects of which Homeport has an ownership interest. Fees receivable from these entities as detailed in Note 4 and 5 was \$1,578,844 and \$2,248,747 as of December 31, 2018 and 2017, respectively. As disclosed in Note 11, Homeport has an unsecured loan from Central City Development, Fund I, LLC of which Homeport maintains a noncontrolling ownership interest.

24. BUSINESS COMBINATIONS:

During 2018, Homeport acquired the limited partner interests in Fairview Homes Limited Partnership, Southside Homes Limited Partnership, and Mariemont Homes Limited Partnership. The acquisitions were accounted for in accordance with accounting guidance regarding *Business Combinations* and Homeport recorded the acquired tangible and identified intangible assets and liabilities, if any, based on their estimated fair values. Homeport recognized a net gain of \$183,063 relating to the acquisition of the limited partnerships as the net assets acquired exceeded the carrying value. The following summarizes the estimated fair value of the net assets acquired at the date of acquisition with reconciliation to net gain.

	Fairview Homes	Southside Homes	Mariemont Homes	Total
Land	\$ 26,738	32,759	26,156	85,653
Building as vacant	1,304,226	1,476,101	1,263,336	4,043,663
Cash	14,828	31,804	158,731	205,363
Other Assets	205,536	222,654	339,850	768,040
Liabilities assumed	<u>(1,393,343)</u>	<u>(1,567,322)</u>	<u>(1,332,125)</u>	<u>(4,292,790)</u>
Net assets acquired	157,985	195,996	455,948	809,929
Acquisition date carrying value	<u>283,718</u>	<u>423,612</u>	<u>(80,464)</u>	<u>626,866</u>
Fair value of net assets acquired over carrying value, net	\$ <u><u>(125,733)</u></u>	<u><u>(227,616)</u></u>	<u><u>536,412</u></u>	<u><u>183,063</u></u>

During 2017, Homeport acquired the limited partner interests in Joyce Avenue Homes Limited Partnership and South East Columbus Homes Limited Partnership. The acquisitions were accounted for in accordance with accounting guidance regarding *Business Combinations* and Homeport recorded the acquired tangible and identified intangible assets and liabilities, if any, based on their estimated fair values. Homeport recognized a net loss of \$50,045 relating to the acquisition of the limited partnerships as the carrying value exceeded the net assets acquired. The following summarizes the estimated fair value of the net assets acquired at the date of acquisition with reconciliation to net loss.

Columbus Housing Partnership, Inc. and Affiliates dba Homeport
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017

	Joyce <u>Avenue</u>	South East <u>Columbus</u>	<u>Total</u>
Land	\$ 25,731	26,457	52,188
Building as vacant	1,276,509	1,370,043	2,646,552
Cash	487	63,433	63,920
Other assets	226,508	90,987	317,495
Liabilities assumed	<u>(1,353,764)</u>	<u>(1,462,726)</u>	<u>(2,816,490)</u>
Net assets acquired	175,471	88,194	263,665
Acquisition date carrying value	<u>(34,546)</u>	<u>348,256</u>	<u>313,710</u>
Fair value of net assets acquired under carrying value, net	\$ <u>210,017</u>	<u>(260,062)</u>	<u>(50,045)</u>

25. FAIR VALUE MEASUREMENTS:

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are based on significant other observable inputs.

Level 3 inputs are based on significant unobservable inputs.

<u>Recurring fair value measurements</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>12/31/2018</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:				
Investments held by Columbus Foundation	\$ <u>122,884</u>	<u>122,884</u>	<u>-</u>	<u>-</u>
Liabilities:				
Interest rate swaps	\$ <u>12,181</u>	<u>-</u>	<u>12,181</u>	<u>-</u>
	<u>12/31/2017</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:				
Investments held by Columbus Foundation	\$ <u>127,186</u>	<u>127,186</u>	<u>-</u>	<u>-</u>
Liabilities:				
Interest rate swaps	\$ <u>64,909</u>	<u>-</u>	<u>64,909</u>	<u>-</u>

Investments have been valued using a market approach (Level 1). The valuation of interest rate swaps are measured using the income approach with significant other observable inputs (Level 2). The fair value is determined by comparing the estimated present value of the future fixed rate interest payments expected to be paid by Homeport to the bank versus the present value of the future variable rate interest payments expected to be paid by the bank to Homeport over the life of the swap agreements. The estimate of the future variable rates was derived from the interest rate futures market as of December 31, 2018 by taking the observable values of LIBOR futures contracts. The valuations are calculated on a basis different from those which would be used to calculate amounts payable upon a voluntary or involuntary early termination or assignment.

Columbus Housing Partnership, Inc. and Affiliates dba Homeport
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017

<u>Nonrecurring fair value measurements</u>	<u>12/31/2018</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:				
Acquired property	\$ <u>4,129,316</u>	<u>-</u>	<u>4,129,316</u>	<u>-</u>
<u>12/31/2017</u>				
Assets:				
Acquired property	\$ <u>2,705,971</u>	<u>-</u>	<u>2,705,971</u>	<u>-</u>

Housing units acquired that are classified as held for sale are valued based on the estimated selling price less anticipated selling costs. There were no changes in valuation techniques during 2018 and 2017.

26. AVAILABILITY OF FINANCIAL ASSETS:

Homeport is substantially supported by grants and income from fees. As part of Homeport's liquidity management it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has opted to not disclose liquidity and availability information for 2017 as permitted under the accounting standard update in the year of adoption.

<u>Homeport</u>	<u>Gross</u>	<u>Less Amounts Unavailable for General Cash Needs</u>	<u>Available</u>
Cash	\$ 5,845,075	(250,000)	5,595,075
Receivables	1,849,102	(275,476)	1,573,626
Restricted cash	1,753,341	(1,753,341)	-
Notes receivable	12,806,032	(12,806,032)	-
Investments	122,884	-	<u>122,884</u>
			<u>7,291,585</u>
<u>Affiliates</u>			
Cash	1,589,759	-	1,589,759
Receivables	567,675	-	567,675
Restricted cash	6,672,326	(5,973,030)	<u>699,296</u>
			<u>2,856,730</u>
Financial assets available to meet cash needs for general expenditures within one year			\$ <u>10,148,315</u>

Cash is unavailable due to donor or board-imposed restrictions. Receivables and notes receivable are unavailable due to scheduled repayment dates greater than one year from the statement of financial position date. Restricted cash is unavailable due to lender or entity-imposed restrictions.

Supplementary Information

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Financial Position
December 31, 2018

	Homeport		Lease		Other controlled entities	Eliminations	Consolidated
	HP Division	HHO	CHP Agler	Purchase For Sale			
Current assets:							
Cash	\$ 4,558,260	1,193,480	93,335	396,530	1,193,229	-	7,434,834
Receivables:							
Fees receivable, net	550,000	-	-	-	-	-	550,000
Grants receivable	143,931	120,000	-	371,399	-	-	635,330
Other receivables	211,236	255,636	292,823	61,683	134,593	-	955,971
Intercompany receivable	-	1,084,579	13,350	-	-	(1,097,929)	-
Prepaid expenses	1,363	-	-	95,215	697,666	-	794,244
Total current assets	5,464,790	2,653,695	399,508	924,827	2,025,488	(1,097,929)	10,370,379
Property and equipment:							
Office buildings, net	34,299	-	2,591,692	-	-	-	2,625,991
Rental properties, net	-	-	-	5,077,691	18,289,863	279,551	23,647,105
Properties held for sale	-	838,618	-	3,735,436	-	-	4,574,054
Construction in progress	162,729	584,272	-	-	-	-	747,001
Total property and equipment	197,028	1,422,890	2,591,692	8,813,127	18,289,863	279,551	31,594,151
Noncurrent assets:							
Restricted cash	1,639,726	30,760	82,855	1,530,195	5,142,131	-	8,425,667
Fees receivable, net	454,438	-	-	-	-	(298,729)	155,709
Notes receivable, net	13,122,456	1,275,024	-	-	-	(1,591,448)	12,806,032
Related party receivables, net	1,156,115	77,500	-	-	-	(1,113,848)	119,767
Investments	122,884	-	-	-	-	-	122,884
Deposits	-	1,429	-	-	-	-	1,429
Investment in unconsolidated entities	9,351,478	-	-	-	-	603,623	9,955,101
Total noncurrent assets	25,847,097	1,384,713	82,855	1,530,195	5,142,131	(2,400,402)	31,586,589
Total assets	\$ 31,508,915	5,461,298	3,074,055	11,268,149	25,457,482	(3,498,331)	73,551,119

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Financial Position (Continued)
December 31, 2018

	HP Division	Homeport HHO	CHP Agler	Lease Purchase For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
Current liabilities:								
Conditional notes payable, current	\$ 168,940	301,729	-	305,517	-	-	-	776,186
Long-term debt, current	1,500,000	-	76,341	2,411,793	455,829	-	-	4,443,963
Accounts payable	211,929	186,439	185,559	109,916	460,184	7,222	(298,729)	862,520
Intercompany payable	1,111,744	96,398	782,709	98,489	88,799	33,638	(2,211,777)	-
Accrued expenses	167,249	169,838	19,545	242,813	600,736	11,331	-	1,211,512
Accrued interest payable	-	-	9,585	14,855	81,268	-	-	105,708
Deferred grant advances	-	67,500	-	-	-	-	-	67,500
Deferred revenue	395,827	22,282	-	-	-	-	-	418,109
Total current liabilities	3,555,689	844,186	1,073,739	3,183,383	1,686,816	52,191	(2,510,506)	7,885,498
Long-term liabilities:								
Security and warranty deposits	-	3,750	17,446	139,267	234,198	-	-	394,661
Accrued interest payable	1,032,990	-	-	2,737,229	1,579,139	5,100	-	5,354,458
Deferred grant advances, State of Ohio	513,329	-	-	-	-	-	-	513,329
Line of credit	-	1,017,916	-	-	-	-	-	1,017,916
Conditional notes payable	10,491,005	-	-	-	3,316,965	-	-	13,807,970
Long-term debt	75,181	1,789,929	1,940,682	3,782,065	21,775,830	255,000	(1,591,448)	28,027,239
Less: unamortized debt issuance costs	-	(22,647)	(57,148)	(9,846)	(740,718)	(32,740)	-	(863,099)
Obligation under interest rate swap	-	-	9,479	-	2,702	-	-	12,181
Total long-term liabilities	12,112,505	2,788,948	1,910,459	6,648,715	26,168,116	227,360	(1,591,448)	48,264,655
Total liabilities	15,668,194	3,633,134	2,984,198	9,832,098	27,854,932	279,551	(4,101,954)	56,150,153
Net assets (deficit):								
Without donor restrictions	7,898,135	1,828,164	89,857	1,436,051	(2,397,450)	-	603,623	9,458,380
With donor restrictions	7,942,586	-	-	-	-	-	-	7,942,586
Total net assets (deficit)	15,840,721	1,828,164	89,857	1,436,051	(2,397,450)	-	603,623	17,400,966
Total liabilities and net assets	\$ 31,508,915	5,461,298	3,074,055	11,268,149	25,457,482	279,551	(3,498,331)	73,551,119

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Consolidating Schedules of Activities
 Year Ended December 31, 2018

	HP Division	Homeport HHO	CHP Agler	Lease Purchase For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
Change in net assets without donor restrictions:								
Support:								
Government grants	765,134	80,250	-	-	-	-	-	845,384
Contributions	1,058,969	213,957	-	-	-	-	-	1,272,926
	1,824,103	294,207	-	-	-	-	-	2,118,310
Homeownership and lease purchase:								
Government grants	-	545,958	-	-	-	-	-	545,958
Development fees	10,000	227,556	-	-	-	-	-	237,556
Loss on sale of properties held for sale	-	(551,609)	-	23,659	-	-	-	(527,950)
	10,000	221,905	-	23,659	-	-	-	255,564
Revenues:								
Development fees	1,301,576	-	-	-	-	-	-	1,301,576
Rental	-	-	460,568	969,863	7,823,503	-	(268,870)	8,985,064
Fees and other revenue	869,378	1,000	1,450	-	-	-	(412,874)	458,954
Investment income	655,308	-	-	-	22	-	(423,245)	232,085
	2,826,262	1,000	462,018	969,863	7,823,525	-	(1,104,989)	10,977,679
Total support and revenues	4,660,365	517,112	462,018	993,522	7,823,525	-	(1,104,989)	13,351,553
Expenses:								
Program, administration and other	4,443,014	603,170	265,086	-	-	-	(268,870)	5,042,400
Rental	-	-	-	780,613	5,597,984	-	-	6,378,597
Total expenses	4,443,014	603,170	265,086	780,613	5,597,984	-	(268,870)	11,420,997
Change in net assets from operations before interest expense	217,351	(86,058)	196,932	212,909	2,225,541	-	(836,119)	1,930,556
Less interest expense	172,163	3,080	151,115	120,151	884,877	-	-	1,331,386
Change in net assets from operations before depreciation expense	45,188	(89,138)	45,817	92,758	1,340,664	-	(836,119)	599,170
Less depreciation expense	15,993	1,188	81,352	46,003	1,271,233	-	-	1,415,769
Change in net assets before other operating income (expense)	29,195	(90,326)	(35,535)	46,755	69,431	-	(836,119)	(816,599)
Other operating income (expense):								
Gain on sale	6,875	-	-	-	-	-	-	6,875
Unrealized gain/loss on interest rate swap	-	-	33,935	-	18,793	-	-	52,728
Fair value of net assets acquired over carrying value, net	183,063	-	-	-	-	-	-	183,063
Interest expense on conditional notes payable	-	-	-	(59,704)	(542,701)	-	423,245	(179,160)
Interorganizational fees	-	-	-	(42,112)	(370,762)	-	412,874	-
Equity in losses of unconsolidated entities	(9,347)	-	-	-	-	-	-	(9,347)
Excess distributions from unconsolidated entities	63,247	-	-	-	-	-	-	63,247
Total other operating income (expense), net	243,838	-	33,935	(101,816)	(894,670)	-	836,119	117,406
Change in net assets from operations	273,033	(90,326)	(1,600)	(55,061)	(825,239)	-	-	(699,193)
Grant income passed through to tax credit projects	811,250	-	-	-	-	-	-	811,250
Purpose restricted contributions, released from restrictions	878,989	-	-	-	-	-	-	878,989
Time restricted grants, released from restrictions	192,758	-	-	-	-	-	-	192,758
Change in net assets without donor restrictions	2,156,030	(90,326)	(1,600)	(55,061)	(825,239)	-	-	1,183,804

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Consolidating Schedules of Changes in Net Assets
 Year Ended December 31, 2018

	Homeport		Lease		Rental Properties	Other controlled entities	Eliminations	Consolidated
	HP Division	HHO	CHP Agler	Purchase For Sale				
Change in net assets without donor restrictions:								
Net assets without donor restrictions, beginning of year	\$ 6,497,047	1,918,490	91,457	681,183	(1,345,992)	-	432,391	8,274,576
Change in net assets without donor restrictions	2,156,030	(90,326)	(1,600)	(55,061)	(825,239)	-	-	1,183,804
Earnings on consolidated entities	(754,942)	-	-	809,929	-	-	(54,987)	-
Change in net assets without donor restrictions	1,401,088	(90,326)	(1,600)	754,868	(825,239)	-	(54,987)	1,183,804
Net assets without donor restrictions, end of year	\$ 7,898,135	1,828,164	89,857	1,436,051	(2,171,231)	-	377,404	9,458,380
Change in net assets with donor restrictions:								
Net assets with donor restrictions, beginning of year	\$ 8,821,151	-	-	-	-	-	-	8,821,151
NeighborWorks America grant, purpose restricted	193,182	-	-	-	-	-	-	193,182
Net assets released from restrictions	(1,071,747)	-	-	-	-	-	-	(1,071,747)
Change in net assets with donor restrictions	(878,565)	-	-	-	-	-	-	(878,565)
Net assets with donor restrictions, end of year	\$ 7,942,586	-	-	-	-	-	-	7,942,586
Change in total net assets:								
Total net assets, beginning of year	\$ 15,318,198	1,918,490	91,457	681,183	(1,345,992)	-	432,391	17,095,727
Distributions	-	-	-	-	(226,219)	-	226,219	-
Change in net assets without donor restrictions	1,401,088	(90,326)	(1,600)	754,868	(825,239)	-	(54,987)	1,183,804
Change in net assets with donor restrictions	(878,565)	-	-	-	-	-	-	(878,565)
Change in total net assets	522,523	(90,326)	(1,600)	754,868	(1,051,458)	-	171,232	305,239
Total net assets, end of year	\$ 15,840,721	1,828,164	89,857	1,436,051	(2,397,450)	-	603,623	17,400,966

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Consolidating Schedules of Cash Flows
 Year Ended December 31, 2018

	HP Division	Homeport HHO	Agler	Lease Purchase For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
Cash flows from operating activities:								
Change in total net assets	\$ 522,523	(90,326)	(1,600)	754,868	(825,239)	-	(54,987)	305,239
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	15,993	1,188	81,352	46,003	1,271,233	-	-	1,415,769
Amortization of debt issuance costs	-	3,903	1,616	532	39,356	-	-	45,407
Loss on consolidation	(183,063)	-	-	(809,929)	-	-	809,929	(183,063)
Loss on properties held for sale	-	551,609	-	(23,659)	-	-	-	527,950
Gain on sale	(6,875)	-	-	-	-	-	-	(6,875)
Provision for losses on receivables	75,000	53,875	8,782	-	-	-	-	137,657
Equity in losses of unconsolidated entities	764,289	-	-	-	-	-	(754,942)	9,347
Restricted funding	(1,004,432)	-	-	-	-	-	-	(1,004,432)
Effect of changes in operating assets and liabilities:								
Receivables	257,671	(151,409)	(55,152)	91,279	(26,107)	-	189,807	306,089
Prepaid expenses and deposits	9,514	13,500	-	(1,856)	26,976	-	-	48,134
Accounts payable and accrued expenses	106,344	79,401	190,213	45,187	68,018	25,167	(23,641)	490,689
Intercompany receivable	-	(95,779)	17,231	-	-	-	78,548	-
Distribution to Homeport	-	-	-	-	(226,219)	-	226,219	-
Intercompany payable	-	(19,669)	-	5,530	42,022	33,638	(61,521)	-
Security and warranty deposits	-	2,000	-	(6,988)	2,974	-	-	(2,014)
Accrued interest payable	(77,334)	-	296	(87,760)	50,614	4,277	823	(109,084)
Deferred revenue and grant advances	170,245	44,143	-	-	-	-	-	214,388
Interest rate swap obligation	-	-	(33,935)	-	(18,793)	-	-	(52,728)
Net cash provided by (used in) operating activities	649,875	392,436	208,803	13,207	404,835	63,082	410,235	2,142,473
Cash flows from investing activities:								
Cash received in consolidation	-	-	-	205,363	-	-	-	205,363
Cash removed in deconsolidation	-	-	-	-	-	-	(69,914)	(69,914)
Change in restricted cash	692,839	(6,691)	(15,024)	32,562	454,348	-	-	1,158,034
Change in investments	4,302	-	-	-	-	-	-	4,302
Investment in unconsolidated entities	(809,116)	-	-	-	-	-	41,632	(767,484)
Proceeds from the sale of properties held for sale	-	581,546	-	389,622	-	-	-	971,168
Purchase of real estate and rehabilitation costs	-	(2,104,350)	-	-	-	-	-	(2,104,350)
Advance on note receivable	(1,046,038)	28,308	-	-	-	-	(75,000)	(1,092,730)
Proceeds from repayment of notes receivable	1,425,528	191,031	-	-	-	-	(1,182,658)	433,901
Purchase of property and equipment	(134,577)	151,412	(197,074)	(8,648)	(449,291)	249,404	(528,955)	(917,729)
Net cash provided by (used in) investing activities	132,938	(1,158,744)	(212,098)	618,899	5,057	249,404	(1,814,895)	(2,179,439)

Cash flows from operating activities:
 Change in total net assets
 Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:

Depreciation
 Amortization of debt issuance costs
 Loss on consolidation
 Loss on properties held for sale
 Gain on sale
 Provision for losses on receivables
 Equity in losses of unconsolidated entities
 Restricted funding
 Effect of changes in operating assets and liabilities:
 Receivables
 Prepaid expenses and deposits
 Accounts payable and accrued expenses
 Intercompany receivable
 Distribution to Homeport
 Intercompany payable
 Security and warranty deposits
 Accrued interest payable
 Deferred revenue and grant advances
 Interest rate swap obligation

Net cash provided by (used in) operating activities

Cash flows from investing activities:
 Cash received in consolidation
 Cash removed in deconsolidation
 Change in restricted cash
 Change in investments
 Investment in unconsolidated entities
 Proceeds from the sale of properties held for sale
 Purchase of real estate and rehabilitation costs
 Advance on note receivable
 Proceeds from repayment of notes receivable
 Purchase of property and equipment
 Net cash provided by (used in) investing activities

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Cash Flows - Continued
Year Ended December 31, 2018

	Homeport		Agler	For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
	HP Division	HHO						
Cash flows from financing activities:								
Purchase of financing costs	-	(26,550)	(848)	-	(96,537)	(20,400)	(12,340)	(156,675)
Proceeds (repayment) on lines of credit	(25,000)	678,861	-	-	-	-	-	653,861
Proceeds from restricted funding	1,004,432	-	-	-	-	-	-	1,004,432
Repayment of conditional notes payable	(1,045,276)	128,182	-	(67,333)	-	-	800,000	(184,427)
Proceeds from long-term debt	-	-	98,000	-	1,941,000	255,000	-	2,294,000
Repayment of long-term debt	173,699	(191,024)	(72,123)	(323,871)	(2,043,841)	(617,000)	617,000	(2,457,160)
Net cash provided by (used in) financing activities	107,855	589,469	25,029	(391,204)	(199,378)	(382,400)	1,404,660	1,154,031
Net increase (decrease) in cash	890,668	(176,839)	21,734	240,902	210,514	(69,914)	-	1,117,065
Cash, beginning of year	3,667,592	1,370,319	71,601	155,628	982,715	69,914	-	6,317,769
Cash, end of year	\$ 4,558,260	\$ 1,193,480	\$ 93,335	\$ 396,530	\$ 1,193,229	\$ -	\$ -	\$ 7,434,834

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Expenses
Year Ended December 31, 2018

	Homeport		CHP Agler	Lease		Rental Properties	Other controlled entities	Eliminations	2018		2017	
	HP Division	HHO		Purchase For Sale	Properties				Consolidated	Total	Consolidated	Total
Program, administration and other:												
Salaries	2,619,904	208,173	-	-	-	-	-	-	2,828,077	-	2,937,163	
Payroll taxes	125,604	52,431	-	-	-	-	-	-	178,035	-	198,449	
Fringe benefits	392,440	-	-	-	-	-	-	-	392,440	-	424,441	
	<u>3,137,948</u>	<u>260,604</u>	-	-	-	-	-	-	<u>3,398,552</u>	-	<u>3,560,053</u>	
Program related expenses												
Office	190,424	200,407	-	-	-	-	-	-	390,831	-	219,035	
Repairs and maintenance	72,892	4,756	40,634	-	-	-	-	-	118,282	-	87,497	
Occupancy	-	-	85,470	-	-	-	-	(268,870)	85,470	-	106,361	
Minor equipment	277,574	23,857	74,586	-	-	-	-	-	107,147	-	103,043	
Dues and publications	36,865	1,853	-	-	-	-	-	-	38,718	-	50,610	
Professional fees	35,560	2,936	-	-	-	-	-	-	38,496	-	27,376	
Accounting and legal	29,450	2,646	3,442	-	-	-	-	-	35,538	-	80,937	
Printing and postage	83,769	7,960	7,400	-	-	-	-	-	99,129	-	78,974	
Insurance	3,359	199	-	-	-	-	-	-	3,558	-	5,099	
Other expenses	55,173	5,594	5,780	-	-	-	-	-	66,547	-	60,449	
Marketing and advertising	35,009	2,647	38,992	-	-	-	-	-	76,648	-	149,556	
Development costs	179,072	7,326	-	-	-	-	-	-	186,398	-	143,382	
Loan fees	125,762	21	-	-	-	-	-	-	125,783	-	59,492	
Travel, conferences and training	2,773	21,645	-	-	-	-	-	-	24,418	-	40,271	
Bad debt expense	94,291	6,469	-	-	-	-	-	-	100,760	-	120,227	
Fundraising related expenses	75,000	53,875	8,782	-	-	-	-	-	137,657	-	279,290	
In-kind expenses	4,481	375	-	-	-	-	-	-	4,856	-	4,700	
	<u>3,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,870)</u>	<u>3,612</u>	<u>-</u>	<u>51,584</u>	
Total program, admin & other	<u>4,443,014</u>	<u>603,170</u>	<u>265,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,870)</u>	<u>5,042,400</u>	<u>-</u>	<u>5,227,936</u>	
Rental:												
Maintenance	-	-	-	353,714	-	2,188,734	-	-	2,542,448	-	2,437,674	
Utilities	-	-	-	8,201	-	1,002,855	-	-	1,011,056	-	933,120	
Real estate taxes	-	-	-	91,100	-	555,591	-	-	646,691	-	637,203	
Administrative and other	-	-	-	249,510	-	1,520,124	-	-	1,769,634	-	1,625,916	
Insurance	-	-	-	78,088	-	330,680	-	-	408,768	-	375,585	
Total rental	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,613</u>	<u>-</u>	<u>5,597,984</u>	<u>-</u>	<u>-</u>	<u>6,378,597</u>	<u>-</u>	<u>6,009,498</u>	
Interest expense	172,163	3,080	151,115	120,151	-	884,877	-	-	1,331,386	-	1,308,707	
Depreciation expense	15,993	1,188	81,352	46,003	-	1,271,233	-	-	1,415,769	-	1,291,864	
Other operating expense:												
Interest expense on conditional notes payable	-	-	-	59,704	-	542,701	-	(423,245)	179,160	-	220,979	
Interorganizational fees	-	-	-	42,112	-	370,762	-	(412,874)	-	-	-	
Equity in losses of unconsolidated entities	9,347	-	-	-	-	-	-	-	9,347	-	-	
Fair value of net assets acquired (over) under carrying value, net	(183,063)	-	-	-	-	-	-	-	(183,063)	-	50,045	
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	
Total other operating expense	<u>(173,716)</u>	<u>-</u>	<u>-</u>	<u>101,816</u>	<u>-</u>	<u>913,463</u>	<u>-</u>	<u>(836,119)</u>	<u>5,444</u>	<u>-</u>	<u>271,024</u>	
Total expense	<u>\$ 4,457,454</u>	<u>607,438</u>	<u>497,553</u>	<u>1,048,583</u>	<u>-</u>	<u>8,667,557</u>	<u>-</u>	<u>(1,104,989)</u>	<u>14,173,596</u>	<u>-</u>	<u>14,109,029</u>	

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Financial Position
December 31, 2017

	Homeport		CHP Agler	Lease		Other controlled entities	Eliminations	Consolidated
	HP Division	HHO		Purchase For Sale	Rental Properties			
Current assets:								
Cash	3,667,592	1,370,319	71,601	155,628	982,715	69,914	-	6,317,769
Receivables:								
Fees receivable, net	650,000	-	-	-	-	-	-	650,000
Grants receivable	132,474	5,000	-	489,554	-	-	-	627,028
Other receivables	172,207	180,089	246,453	14,049	108,486	-	-	721,284
Intercompany receivable	-	988,800	30,581	-	-	-	(1,019,381)	-
Prepaid expenses	13,977	-	-	59,101	724,642	-	-	797,720
Total current assets	<u>4,636,250</u>	<u>2,544,208</u>	<u>348,635</u>	<u>718,332</u>	<u>1,815,843</u>	<u>69,914</u>	<u>(1,019,381)</u>	<u>9,113,801</u>
Property and equipment:								
Office buildings, net	39,829	-	2,475,970	-	-	-	-	2,515,799
Rental properties, net	-	-	-	3,155,137	19,111,805	-	-	22,266,942
Properties held for sale	-	373,825	-	1,931,992	-	-	-	2,305,817
Construction in progress	38,615	230,470	-	-	-	528,955	-	798,040
Total property and equipment	<u>78,444</u>	<u>604,295</u>	<u>2,475,970</u>	<u>5,087,129</u>	<u>19,111,805</u>	<u>528,955</u>	<u>-</u>	<u>27,886,598</u>
Noncurrent assets:								
Restricted cash	2,332,565	24,069	67,831	849,733	5,596,479	-	-	8,870,677
Fees receivable, net	764,919	-	-	-	-	-	(207,632)	557,287
Notes receivable, net	13,501,946	1,494,363	-	-	-	-	(1,606,448)	13,389,861
Related party receivables, net	1,128,791	170,513	-	-	-	-	(1,081,387)	217,917
Investments	127,186	-	-	-	-	-	-	127,186
Deposits	(3,100)	14,929	-	-	-	-	-	11,829
Investment in unconsolidated entities	9,116,713	-	-	-	-	-	432,391	9,549,104
Total noncurrent assets	<u>26,969,020</u>	<u>1,703,874</u>	<u>67,831</u>	<u>849,733</u>	<u>5,596,479</u>	<u>-</u>	<u>(2,463,076)</u>	<u>32,723,861</u>
Total assets	<u>\$ 31,683,714</u>	<u>4,852,377</u>	<u>2,892,436</u>	<u>6,655,194</u>	<u>26,524,127</u>	<u>598,869</u>	<u>(3,482,457)</u>	<u>69,724,260</u>

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Financial Position (Continued)
December 31, 2017

	Homeport		Lease		Rental Properties	Other controlled entities	Eliminations	Consolidated
	HP Division	HHO	CHP Agler	Purchase For Sale				
Current liabilities:								
Lines of credit	\$ 25,000	339,055	-	-	-	-	-	364,055
Conditional notes payable, current	491,024	173,547	-	372,850	-	-	-	1,037,421
Long-term debt, current	-	-	72,123	449,263	1,977,868	150,000	-	2,649,254
Accounts payable	182,419	24,420	1,700	61,817	335,114	(8,777)	(207,632)	389,061
Intercompany payable	1,002,615	116,067	782,709	92,959	106,418	-	(2,100,768)	-
Accrued expenses	199,544	252,456	13,191	147,687	598,147	2,163	-	1,213,188
Accrued interest payable	-	-	9,289	9,192	82,037	-	-	100,518
Deferred grant advances	-	30,000	-	-	-	-	-	30,000
Deferred revenue	180,915	15,639	-	-	-	-	-	196,554
Total current liabilities	<u>2,081,517</u>	<u>951,184</u>	<u>879,012</u>	<u>1,133,768</u>	<u>3,099,584</u>	<u>143,386</u>	<u>(2,308,400)</u>	<u>5,980,051</u>
Long-term liabilities:								
Security and warranty deposits	-	1,750	17,446	89,969	231,224	-	-	340,389
Accrued interest payable	1,110,324	-	-	1,292,783	1,527,756	823	-	3,931,686
Deferred grant advances, State of Ohio	557,996	-	-	-	-	-	-	557,996
Line of credit	-	-	-	-	-	-	-	-
Conditional notes payable	11,214,197	-	-	-	3,316,965	-	-	14,531,162
Long-term debt	1,401,482	1,980,953	1,919,023	3,467,869	20,356,632	467,000	(1,606,448)	27,986,511
Less: unamortized debt issuance costs	-	-	(57,916)	(10,378)	(683,537)	(12,340)	-	(764,171)
Obligation under interest rate swap	-	-	43,414	-	21,495	-	-	64,909
Total long-term liabilities	<u>14,283,999</u>	<u>1,982,703</u>	<u>1,921,967</u>	<u>4,840,243</u>	<u>24,770,535</u>	<u>455,483</u>	<u>(1,606,448)</u>	<u>46,648,482</u>
Total liabilities	<u>16,365,516</u>	<u>2,933,887</u>	<u>2,800,979</u>	<u>5,974,011</u>	<u>27,870,119</u>	<u>598,869</u>	<u>(3,914,848)</u>	<u>52,628,533</u>
Net assets (deficit):								
Without donor restrictions	6,497,047	1,918,490	91,457	681,183	(1,345,992)	-	432,391	8,274,576
With donor restrictions	8,821,151	-	-	-	-	-	-	8,821,151
Total net assets (deficit)	<u>15,318,198</u>	<u>1,918,490</u>	<u>91,457</u>	<u>681,183</u>	<u>(1,345,992)</u>	<u>-</u>	<u>432,391</u>	<u>17,095,727</u>
Total liabilities and net assets	<u>\$ 31,683,714</u>	<u>4,852,377</u>	<u>2,892,436</u>	<u>6,655,194</u>	<u>26,524,127</u>	<u>598,869</u>	<u>(3,482,457)</u>	<u>69,724,260</u>

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Activities
Year Ended December 31, 2017

	Homeport		Lease		Rental Properties	Other controlled entities	Eliminations	Consolidated
	HP Division	HHO	CHP Agler	Purchase For Sale				
Change in net assets without donor restrictions:								
Support:								
Government grants	787,225	52,500	-	-	-	-	-	839,725
Contributions	1,098,075	1,404	2,280	-	-	-	-	1,101,759
	1,885,300	53,904	2,280	-	-	-	-	1,941,484
Homeownership and lease purchase:								
Government grants	-	545,496	-	-	-	-	-	545,496
Development fees	-	317,444	-	-	-	-	-	317,444
Loss on sale of properties held for sale	(127,584)	(607,754)	-	(34,023)	-	-	-	(769,361)
	(127,584)	255,186	-	(34,023)	-	-	-	93,579
Revenues:								
Development fees	970,031	-	-	-	-	-	-	970,031
Rental	5	-	462,958	509,465	7,591,382	-	(318,456)	8,245,354
Fees and other revenue	948,377	-	2,174	-	-	-	(554,905)	395,646
Investment income	513,496	-	-	-	-	-	(280,577)	232,919
	2,431,909	-	465,132	509,465	7,591,382	-	(1,153,938)	9,843,950
Total support and revenues	4,189,625	309,090	467,412	475,442	7,591,382	-	(1,153,938)	11,879,013
Expenses:								
Program, administration and other	4,759,409	515,022	271,961	-	-	-	(318,456)	5,227,936
Rental	(3)	-	-	440,644	5,568,857	-	-	6,009,498
Total expenses	4,759,406	515,022	271,961	440,644	5,568,857	-	(318,456)	11,237,434
Change in net assets from operations before interest expense	(569,781)	(205,932)	195,451	34,798	2,022,525	-	(835,482)	641,579
Less interest expense	200,347	3,114	146,766	53,185	905,295	-	-	1,308,707
Change in net assets from operations before depreciation expense	(770,128)	(209,046)	48,685	(18,387)	1,117,230	-	(835,482)	(667,128)
Less depreciation expense	19,105	1,531	77,597	25,021	1,168,610	-	-	1,291,864
Change in net assets before other operating income (expense)	(789,233)	(210,577)	(28,912)	(43,408)	(51,380)	-	(835,482)	(1,958,992)
Other operating income (expense):								
Unrealized gain on interest rate swap	-	-	31,007	-	12,636	-	-	43,643
Fair value of net assets acquired under carrying value, net	(50,045)	-	-	-	-	-	-	(50,045)
Interest expense on conditional notes payable	-	-	-	(61,103)	(440,453)	-	280,577	(220,979)
Interorganizational fees	-	-	-	(28,332)	(526,573)	-	554,905	-
Equity in income of unconsolidated entities	462,411	-	-	-	-	-	-	462,411
Excess distributions from unconsolidated entities	224,143	-	-	-	-	-	-	224,143
Total other operating income (expense), net	636,509	-	31,007	(89,435)	(954,390)	-	835,482	459,173
Change in net assets from operations	(152,724)	(210,577)	2,095	(132,843)	(1,005,770)	-	-	(1,499,819)
Purpose restricted contributions, released from restrictions	300,000	-	-	-	-	-	-	300,000
Time restricted grants, released from restrictions	192,758	-	-	-	-	-	-	192,758
Change in net assets without donor restrictions	340,034	(210,577)	2,095	(132,843)	(1,005,770)	-	-	(1,007,061)

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Changes in Net Assets
Year Ended December 31, 2017

	HP Division	Homeport HHO	CHP Agler	Lease Purchase For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
Change in net assets without donor restrictions:								
Net assets without donor restrictions, beginning of year	\$ 6,926,399	2,129,067	89,362	550,383	(254,160)	-	(159,414)	9,281,637
Change in net assets without donor restrictions	340,034	(210,577)	2,095	(132,843)	(1,005,770)	-	-	(1,007,061)
Earnings on consolidated entities	(769,386)	-	-	263,643	-	-	505,743	-
Change in net assets without donor restrictions	(429,352)	(210,577)	2,095	130,800	(1,005,770)	-	505,743	(1,007,061)
Net assets without donor restrictions, end of year	\$ 6,497,047	1,918,490	91,457	681,183	(1,259,930)	-	346,329	8,274,576
Change in net assets with donor restrictions:								
Temporarily restricted net assets, beginning of year	\$ 9,073,909	-	-	-	-	-	-	9,073,909
NeighborWorks America grant, purpose restricted	240,000	-	-	-	-	-	-	240,000
Net assets released from restrictions	(492,758)	-	-	-	-	-	-	(492,758)
Change in net assets with donor restrictions	(252,758)	-	-	-	-	-	-	(252,758)
Temporarily restricted net assets, end of year	\$ 8,821,151	-	-	-	-	-	-	8,821,151
Change in total net assets:								
Total net assets, beginning of year	\$ 16,000,308	2,129,067	89,362	550,383	(254,160)	-	(159,414)	18,355,546
Distributions	-	-	-	-	(86,062)	-	86,062	-
Change in unrestricted net assets	(429,352)	(210,577)	2,095	130,800	(1,005,770)	-	505,743	(1,007,061)
Change in temporarily restricted net assets	(252,758)	-	-	-	-	-	-	(252,758)
Change in total net assets	(682,110)	(210,577)	2,095	130,800	(1,091,832)	-	591,805	(1,259,819)
Total net assets, end of year	\$ 15,318,198	1,918,490	91,457	681,183	(1,345,992)	-	432,391	17,095,727

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Cash Flows
Year Ended December 31, 2017

	Homeport		Agler	Lease Purchase For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
	HP Division	HHO						
Cash flows from operating activities:								
Change in total net assets								
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	19,105	1,531	77,597	25,021	1,168,610	-	-	1,291,864
Amortization of debt issuance costs	-	35,194	1,616	266	35,266	-	-	72,342
(Gain) loss on consolidation	50,045	-	-	(263,643)	-	-	263,643	50,045
Loss on properties held for sale	127,584	607,754	-	34,023	-	-	-	769,361
Provision for losses on receivables	192,816	86,474	-	-	-	-	-	279,290
Equity in losses of unconsolidated entities	306,975	-	-	-	-	-	(769,386)	(462,411)
Restricted funding	-	(240,000)	-	-	-	-	-	(240,000)
Effect of changes in operating assets and liabilities:								
Receivables	61,301	121,350	(72,677)	65,190	105,585	-	43,617	324,366
Prepaid expenses and deposits	(13,977)	-	4,477	(12,630)	22,307	-	-	177
Accounts payable and accrued expenses	(395,851)	(58,221)	(5,544)	(2,767)	(116,847)	(7,258)	-	(586,488)
Intercompany receivable	-	(2,776)	45,234	-	-	-	(42,458)	-
Distribution to Homeport	-	-	(9,295)	-	(86,062)	-	86,062	-
Intercompany payable	-	10,567	(9,295)	-	-	(113)	-	-
Security and warranty deposits	-	(2,250)	5,129	(5,908)	(2,443)	-	-	(5,472)
Accrued interest payable	71,631	-	378	(2,254)	68,368	(395)	-	137,728
Deferred revenue and grant advances	19,735	29,999	-	(51,891)	-	-	-	(2,157)
Interest rate swap obligation	-	-	(31,007)	-	(12,636)	-	-	(43,643)
Net cash provided by (used in) operating activities	(242,746)	379,045	18,003	(83,793)	176,378	(7,766)	86,062	325,183
Cash flows from investing activities:								
Cash received in consolidation	-	-	-	63,920	-	-	-	63,920
Change in restricted cash	(151,393)	(3,204)	(67,831)	(3,503)	787,828	-	-	561,897
Change in investments	(13,667)	-	-	-	-	-	-	(13,667)
Investment in unconsolidated entities	(173,039)	-	-	-	-	-	133,938	(39,101)
Distributions from Barrett	931,146	-	-	-	-	-	-	931,146
Proceeds from the sale of properties held for sale	-	871,211	-	278,060	-	-	-	1,149,271
Purchase of real estate and rehabilitation costs	(18,000)	(1,372,120)	-	-	-	-	-	(1,372,120)
Advances on notes receivable	1,425,528	54,271	-	-	-	-	-	(18,000)
Proceeds from repayment of notes receivable	(123,497)	28,891	(76,866)	-	-	-	(840,912)	638,887
Purchase of property and equipment	-	-	-	-	(391,699)	(393,362)	-	(956,533)
Net cash (used in) provided by investing activities	1,877,078	(420,951)	(144,697)	338,477	396,129	(393,362)	(706,974)	945,700

Cash flows from operating activities:
Change in total net assets
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:

Depreciation
Amortization of debt issuance costs
(Gain) loss on consolidation
Loss on properties held for sale
Provision for losses on receivables
Equity in losses of unconsolidated entities
Restricted funding
Effect of changes in operating assets and liabilities:
Receivables
Prepaid expenses and deposits
Accounts payable and accrued expenses
Intercompany receivable
Distribution to Homeport
Intercompany payable
Security and warranty deposits
Accrued interest payable
Deferred revenue and grant advances
Interest rate swap obligation

Net cash provided by (used in) operating activities

Cash flows from investing activities:

Cash received in consolidation
Change in restricted cash
Change in investments
Investment in unconsolidated entities
Distributions from Barrett
Proceeds from the sale of properties held for sale
Purchase of real estate and rehabilitation costs
Advances on notes receivable
Proceeds from repayment of notes receivable
Purchase of property and equipment

Net cash (used in) provided by investing activities

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Consolidating Schedules of Cash Flows - Continued
 Year Ended December 31, 2017

	Homeport		Agler	For Sale	Rental Properties	Other controlled entities	Eliminations	Consolidated
	HP Division	HHO						
Cash flows from financing activities:								
Purchase of financing costs	-	23,576	(5,199)	(10,644)	-	(12,340)	-	(4,607)
Proceeds (repayment) on lines of credit	(375,000)	88,822	-	-	-	-	-	(286,178)
Proceeds from restricted funding	-	240,000	-	-	-	-	-	240,000
Repayment of conditional notes payable	(468,687)	2,887	-	-	-	-	300,000	(165,800)
Proceeds from long-term debt	-	-	188,908	611,000	-	-	-	799,908
Repayment of long-term debt	(16,919)	-	(68,067)	(851,088)	(776,920)	467,000	320,912	(925,082)
	<u>(860,606)</u>	<u>355,285</u>	<u>115,642</u>	<u>(250,732)</u>	<u>(776,920)</u>	<u>454,660</u>	<u>620,912</u>	<u>(341,759)</u>
Net cash provided by (used in) financing activities	773,726	313,379	(11,052)	3,952	(204,413)	53,532	-	929,124
Net increase (decrease) in cash	2,893,866	1,056,940	82,653	151,676	1,187,128	16,382	-	5,388,645
Cash, beginning of year	3,667,592	1,370,319	71,601	155,628	982,715	69,914	-	6,317,769
Cash, end of year								

Columbus Housing Partnership, Inc. and Affiliates
dba Homeport
Consolidating Schedules of Expenses
Year Ended December 31, 2017

	Homeport		CHP Agler	Lease			Eliminations	Consolidated
	HP Division	HHO		Purchase For Sale	Rental Properties	Other controlled entities		
Program, administration and other:								
Salaries	2,718,754	218,409	-	-	-	-	2,937,163	
Payroll taxes	173,437	25,012	-	-	-	-	198,449	
Fringe benefits	392,440	32,001	-	-	-	-	424,441	
	<u>3,284,631</u>	<u>275,422</u>	-	-	-	-	<u>3,560,053</u>	
Program related expenses								
Office	185,905	33,130	-	-	-	-	219,035	
Repairs and maintenance	44,640	4,267	38,590	-	-	-	87,497	
Occupancy	-	-	106,361	-	-	-	106,361	
Minor equipment	322,678	28,942	69,879	-	-	(318,456)	103,043	
Dues and publications	46,195	4,415	-	-	-	-	50,610	
Professional fees	24,790	2,586	-	-	-	-	27,376	
Accounting and legal	68,529	5,951	6,457	-	-	-	80,937	
Printing and postage	61,494	8,751	8,729	-	-	-	78,974	
Insurance	4,807	292	-	-	-	-	5,099	
Other expenses	46,943	4,318	9,188	-	-	-	60,449	
Marketing and advertising	114,542	2,257	32,757	-	-	-	149,556	
Development costs	130,140	13,242	-	-	-	-	143,382	
Loan fees	57,794	1,698	-	-	-	-	59,492	
Travel, conferences and training	5,020	35,251	-	-	-	-	40,271	
Bad debt expense	112,419	7,808	-	-	-	-	120,227	
Fundraising related expenses	192,816	86,474	-	-	-	-	279,290	
In-kind expenses	4,482	218	-	-	-	-	4,700	
	<u>51,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,584</u>	
Total program, admin & other	<u>4,759,409</u>	<u>515,022</u>	<u>271,961</u>	<u>-</u>	<u>-</u>	<u>(318,456)</u>	<u>5,227,936</u>	
Rental:								
Maintenance	-	-	-	202,874	2,234,800	-	2,437,674	
Utilities	-	-	-	3,823	929,297	-	933,120	
Real estate taxes	(3)	-	-	66,247	570,959	-	637,203	
Administrative and other	-	-	-	126,263	1,499,653	-	1,625,916	
Insurance	-	-	-	41,437	334,148	-	375,585	
	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>440,644</u>	<u>5,568,857</u>	<u>-</u>	<u>6,009,498</u>	
Total rental	<u>200,347</u>	<u>3,114</u>	<u>146,766</u>	<u>53,185</u>	<u>905,295</u>	<u>-</u>	<u>1,308,707</u>	
Interest expense	19,105	1,531	77,597	25,021	1,168,610	-	1,291,864	
Depreciation expense								
Other operating expense:								
Interest expense on conditional notes payable	-	-	-	61,103	440,453	(280,577)	220,979	
Interorganizational fees	-	-	-	28,332	526,573	(554,905)	-	
Fair value of net assets acquired under carrying value, net	50,045	-	-	-	-	-	50,045	
Total other operating expense	<u>50,045</u>	<u>-</u>	<u>-</u>	<u>89,435</u>	<u>967,026</u>	<u>(835,482)</u>	<u>271,024</u>	
Total expense	<u>5,028,903</u>	<u>519,667</u>	<u>496,324</u>	<u>608,285</u>	<u>8,609,788</u>	<u>(1,153,938)</u>	<u>14,109,029</u>	

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Schedules of Financial Position - NeighborWorks America Capital Fund
 December 31, 2018

Assets	With Donor Restrictions		Total
	Temporarily Restricted	Restricted in Perpetuity	
Cash in bank	\$ 114,595	297,816	412,411
Notes receivable:			
Loans	-	780,333	780,333
Impaired loan	-	158,590	158,590
Investment Central City Development Fund I, LLC	-	130,920	130,920
Total assets	\$ 114,595	1,367,659	1,482,254
Liabilities and Net Assets			
Net assets	\$ 114,595	1,367,659	1,482,254
Total liabilities and net assets	\$ 114,595	1,367,659	1,482,254

Columbus Housing Partnership, Inc. and Affiliates
 dba Homeport
 Schedules of Activities - NeighborWorks America Capital Fund
 Year Ended December 31, 2018

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Temporarily Restricted</u>	<u>Restricted in Perpetuity</u>	
Grants - NeighborWorks America	\$ 193,182	-	193,182
Net assets released from restrictions	<u>(318,587)</u>	<u>(560,402)</u>	<u>(878,989)</u>
Total Revenues	<u>(125,405)</u>	<u>(560,402)</u>	<u>(685,807)</u>
Change in net assets	(125,405)	(560,402)	(685,807)
Net assets - at beginning of year	<u>240,000</u>	<u>1,928,061</u>	<u>2,168,061</u>
Net assets - at end of year	\$ <u>114,595</u>	<u>1,367,659</u>	<u>1,482,254</u>



Columbus Housing Partnership, Inc. and Affiliates dba Homeport

Office of Management and Budget
Uniform Guidance Required Reports
December 31, 2018

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AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Columbus Housing Partnership, Inc. and Affiliates
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the consolidated financial statements of Columbus Housing Partnership, Inc. and Affiliates (a non profit organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated related statements of operations and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2019. The consolidated financial statements of Columbus Housing Partnership, Inc.'s for-profit subsidiaries were not audited in accordance with *Government Auditing Standards*. CHP Kimberly, Inc. was audited in accordance with *Government Auditing Standards* by us and we issued a separate report. This report does not include the results of our testing of internal control over financial reporting or compliance or other matters included in that separate report.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Columbus Housing Partnership, Inc. and Affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Columbus Housing Partnership, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of the Columbus Housing Partnership, Inc. and Affiliates' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Housing Partnership, Inc. and Affiliates' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus Housing Partnership, Inc. and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2019

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

Board of Directors
Columbus Housing Partnership, Inc. and Affiliates
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited Columbus Housing Partnership, Inc. and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Columbus Housing Partnership, Inc. and Affiliates' major federal programs for the year ended December 31, 2018. Columbus Housing Partnership, Inc. and Affiliates' major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Columbus Housing Partnership, Inc. and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus Housing Partnership, Inc. and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Columbus Housing Partnership, Inc. and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, Columbus Housing Partnership, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Columbus Housing Partnership, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Columbus Housing

Partnership, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbus Housing Partnership, Inc. and Affiliates' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the consolidated financial statements of Columbus Housing Partnership, Inc. and Affiliates as of and for the year ended December 31, 2018, and have issued our report thereon dated June 28, 2019, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for 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 basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2019

Columbus Housing Partnership, Inc. and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development			
Direct			
Section 202 Mortgage - Supportive Housing for the Elderly	14.157	\$ 8,124,523	7,710,300
Section 8 Housing Assistance Payments Program	14.195	135,082	-
Pass-through			
<i>Housing Partnership Network</i>			
Housing Counseling Assistance Program	14.169	44,500	-
<i>Passed through the City of Columbus</i>			
Community Development Block Grant	14.218	5,918	-
<i>Franklin County</i>			
HOME Investment Partnerships Program	14.239	64,207	-
<i>City of Columbus</i>			
HOME Investment Partnerships Program	14.239	214,000	-
		278,207	-
Total U.S. Department of Housing and Urban Development		8,588,230	7,710,300
Congressional Appropriation			
Pass-through			
<i>NeighborWorks America</i>			
NeighborWorks System Program	21.115.141	361,403	-
Total Congressional Appropriation		361,403	-
Total		\$ 8,949,633	7,710,300

See accompanying notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Columbus Housing Partnership, Inc. ("Homeport"), Elim Senior Housing, Inc. and Friends/VVA Apartments, Inc. under programs of the federal government for the year ended December 31, 2018.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Homeport and Affiliates, it is not intended to and does not present Homeport and Affiliates' financial position, changes in net assets, or cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(b) Homeport has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

(c) Pass-through entity identifying numbers are presented when available.

(d) The outstanding balance of loan and loan guarantee programs at December 31, 2018 with continuing compliance requirements which are reported as federal expenditures on the accompanying schedule of expenditures of federal awards was \$8,107,054.

(e) The Section 202 Capital Advances received by Homeport and Elim Senior Housing, Inc. are reported as net assets with donor restrictions at December 31, 2018.

(f) The public law number is presented in place of the federal CFDA number when appropriate.

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency identified not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditors' report issued on compliance for major programs: unmodified

Internal control over compliance:

Material weakness identified? Yes X No

Significant deficiency identified not considered to be material weaknesses? Yes X No

Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a)? Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.157	Supportive Housing for the Elderly
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Columbus Housing Partnership, Inc. and Affiliates
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2018

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

3. Findings and Questioned Costs for Federal Awards

None

Columbus Housing Partnership, Inc. and Affiliates
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
None			

