



Consolidated Financial Statements  
December 31, 2021

Cohen & Co

[cohencpa.com](http://cohencpa.com)

CHN HOUSING PARTNERS AND AFFILIATES

DECEMBER 31, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT .....	2 - 4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION December 31, 2021, with comparative totals for 2020 .....	5
CONSOLIDATED STATEMENT OF ACTIVITIES Year ended December 31, 2021, with comparative totals for 2020 .....	6
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES Year ended December 31, 2021, with comparative totals for 2020 .....	7
CONSOLIDATED STATEMENT OF CASH FLOWS Year ended December 31, 2021, with comparative totals for 2020 .....	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	9 - 23
SUPPLEMENTAL FINANCIAL INFORMATION .....	24 - 45

## Independent Auditors' Report

Board of Directors  
CHN Housing Partners and Affiliates

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of CHN Housing Partners (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CHN Housing Partners and Affiliates as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Report on Summarized Comparative Information***

We have previously audited CHN Housing Partners and Affiliates' 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of CHN Housing Partners and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CHN Housing Partners and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CHN Housing Partners and Affiliates' internal control over financial reporting and compliance.

*Cohen & Company Ltd.*

Cleveland, Ohio  
June 28, 2022

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021, WITH COMPARATIVE TOTALS FOR 2020

	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 18,381,644	\$ 17,254,307	Current portion of notes payable	\$ 2,230,974	\$ 1,249,200
Accounts receivable			Current portion of long-term debt	571,504	1,077,185
Affiliated entities	3,381,999	2,330,298	Current portion of deferred interest payable	835	835
Other	2,166,207	1,658,102	Accounts payable and accrued expenses		
Grants and contracts	5,419,688	2,558,209	Trade	2,243,919	1,256,346
Current portion of mortgages and loans receivable	633,133	756,251	Affiliated entities	229,011	585,891
Inventory - Net	269,606	542,462	Other	1,728,453	2,106,485
Prepaid and other assets	1,092,529	842,394	Deferred revenue	6,222,222	5,192,500
Land and buildings held for sale	5,482,716	4,927,501		<u>13,226,918</u>	<u>11,468,442</u>
	<u>36,827,522</u>	<u>30,869,524</u>			
PROPERTY AND EQUIPMENT - AT COST			LONG-TERM LIABILITIES		
Building	81,025	296,179	Notes payable	500,000	730,974
Furniture and equipment	885,167	872,909	Long-term debt	36,023,237	35,049,800
Less: Accumulated depreciation	(813,032)	(794,802)	Deferred interest payable	1,376,327	1,200,903
	<u>153,160</u>	<u>374,286</u>		<u>37,899,564</u>	<u>36,981,677</u>
				<u>51,126,482</u>	<u>48,450,119</u>
OTHER ASSETS			COMMITMENTS AND CONTINGENCIES		
Restricted cash and cash equivalents	9,228,174	8,106,785	NET ASSETS		
Long-term notes receivable - Net	24,277,084	24,533,298	Without donor restrictions	30,128,732	27,084,030
Investments in limited partnerships	7,073,308	7,075,433	With donor restrictions	4,665,475	4,015,475
Mortgages and loans receivable - Net	2,513,063	1,765,587		<u>34,794,207</u>	<u>31,099,505</u>
Interest receivable - Deferred	5,848,378	6,824,711			
	<u>48,940,007</u>	<u>48,305,814</u>			
	<u>\$ 85,920,689</u>	<u>\$ 79,549,624</u>		<u>\$ 85,920,689</u>	<u>\$ 79,549,624</u>

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

## CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE TOTALS FOR 2020

	2021			2020 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
REVENUES				
Public support	\$ 74,383,284	\$ 650,000	\$ 75,033,284	\$ 31,768,151
Rental income	2,440,510		2,440,510	1,539,941
Management fees - Affiliated entities	10,229,563		10,229,563	12,201,546
Interest income - Affiliated entities	819,544		819,544	888,514
Net losses on sale of inventory and land and buildings	(393,276)		(393,276)	(106,552)
Maintenance services - Affiliated entities	1,846,606		1,846,606	2,221,412
Other interest income and miscellaneous	1,813,225		1,813,225	1,607,569
	<u>91,139,456</u>	<u>650,000</u>	<u>91,789,456</u>	<u>50,120,581</u>
OPERATING EXPENSES				
Program services	88,290,318		88,290,318	48,033,936
Supporting services				
Management and general	1,693,184		1,693,184	793,721
Fundraising	567,698		567,698	413,126
	<u>90,551,200</u>		<u>90,551,200</u>	<u>49,240,783</u>
CHANGE IN NET ASSETS FROM OPERATIONS	588,256	650,000	1,238,256	879,798
FORGIVENESS OF PAYCHECK PROTECTION PROGRAM LOAN	1,454,000		1,454,000	
GAIN ON COLLECTION OF NOTES AND ACCOUNTS RECEIVABLE	1,002,446		1,002,446	1,737,800
CHANGE IN NET ASSETS	3,044,702	650,000	3,694,702	2,617,598
NET ASSETS - BEGINNING OF THE YEAR	<u>27,084,030</u>	<u>4,015,475</u>	<u>31,099,505</u>	<u>28,481,907</u>
NET ASSETS - END OF THE YEAR	<u>\$ 30,128,732</u>	<u>\$ 4,665,475</u>	<u>\$ 34,794,207</u>	<u>\$ 31,099,505</u>

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

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE TOTALS FOR 2020

	PROGRAM SERVICES			SUPPORTING SERVICES		TOTAL EXPENSES		
	Weatherization	Partnerships and Development	Community Resource Center	Total Program Services	Management and General	Fundraising	2021	2020
Family development and rental and utility assistance			\$ 47,388,537	\$ 47,388,537			\$ 47,388,537	\$ 11,512,715
Personnel	\$ 5,525,720	\$ 7,293,820	3,184,760	16,004,300	\$ 1,234,719	\$ 425,808	17,664,827	14,644,502
Construction rehab		7,139,917		7,139,917			7,139,917	10,430,662
Housewarming materials and labor	6,424,297			6,424,297			6,424,297	4,274,339
Energy assistance and water conservation materials and labor	2,557,785			2,557,785			2,557,785	1,825,540
Contract materials	2,339,468			2,339,468			2,339,468	2,245,606
Professional fees	939,531	586,889	146,608	1,673,028	331,364	110,856	2,115,248	1,148,181
Electric wiring materials and labor	1,056,748			1,056,748			1,056,748	671,317
Equipment and supplies	291,139	242,723	208,570	742,432	47,557	12,596	802,585	641,500
Telephone and utilities	44,218	652,401	30,757	727,376	4,675	1,039	733,090	441,136
Rent	168,319	244,450	174,381	587,150	21,811	4,847	613,808	502,212
Miscellaneous	54,725	392,437	25,517	472,679	441	8,658	481,778	144,217
Maintenance	28,384	323,390	13,826	365,600	5,984	1,330	372,914	261,354
Interest	24,712	222,618	10,199	257,529	20,989		278,518	207,068
Insurance	65,920	157,355	24,999	248,274	10,722	2,564	261,560	182,872
Real estate taxes		200,321		200,321			200,321	132,505
Change in reserve for notes and mortgages receivable		51,418		51,418			51,418	(86,754)
Management fees		39,716		39,716			39,716	20,919
Total expenses before depreciation	19,520,966	17,547,455	51,208,154	88,276,575	1,678,262	567,698	90,522,535	49,199,891
Depreciation	1,167	9,073	3,503	13,743	14,922		28,665	40,892
	<u>\$ 19,522,133</u>	<u>\$ 17,556,528</u>	<u>\$ 51,211,657</u>	<u>\$ 88,290,318</u>	<u>\$ 1,693,184</u>	<u>\$ 567,698</u>	<u>\$ 90,551,200</u>	<u>\$ 49,240,783</u>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE TOTALS FOR 2020

	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
CASH FLOW PROVIDED FROM (USED IN) OPERATING ACTIVITIES			NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in net assets	\$ 3,694,702	\$ 2,617,598	Collection of notes, interest, and other receivables via receipt of land and building held for sale	<u>\$ 3,309,500</u>	<u>\$ 3,914,000</u>
Noncash items included in change in net assets			Debt and deferred interest forgiven or transferred to lease purchase buyers	<u>\$ 964,766</u>	<u>\$ 493,686</u>
Depreciation	28,665	40,892	Debt assumed via receipt of land and buildings held for sale	<u>\$ 640,000</u>	<u>\$ 860,000</u>
Deferred interest income and other interest income	(819,544)	(888,514)	Forgiveness of debt and related note receivable	<u>\$ 1,020,000</u>	<u>\$ 120,000</u>
Deferred interest expense	175,424	147,225			
Gain on collection of notes and accounts receivable	(1,002,446)	(1,737,800)	SUPPLEMENTAL INFORMATION		
Forgiveness of Paycheck Protection Program loan	(1,454,000)		Interest paid	<u>\$ 90,178</u>	<u>\$ 88,517</u>
Losses on sale of inventory and land and buildings	393,276	106,552			
Collection of developer fee income through investment in limited partnerships		(60,000)			
Change in reserve for notes and mortgages receivable	51,418	(86,754)			
Impairment of investments in limited partnerships					
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents caused by changes in current items					
Accounts receivable	(4,421,285)	(1,321,907)			
Inventory - Net	264,477	100,583			
Prepaid and other assets	(250,135)	(490,900)			
Accounts payable and accrued expenses	252,661	526,864			
Deferred revenue	<u>1,029,722</u>	<u>3,596,613</u>			
Net cash flow provided from (used in) operations	<u>(2,057,065)</u>	<u>2,550,452</u>			
CASH FLOW PROVIDED FROM INVESTING ACTIVITIES					
Cash received upon close of partnerships	505,889				
Proceeds on sale of land and buildings held for sale	1,970,143	481,481			
Acquisition of furniture and equipment	(40,350)	(68,195)			
Investments in limited partnerships	(100)				
Advances under notes and mortgages receivable	(4,159,020)	(1,297,687)			
Repayment of notes, mortgages, loans, and interest receivable	<u>2,290,875</u>	<u>1,370,206</u>			
	<u>567,437</u>	<u>485,805</u>			
CASH FLOW PROVIDED FROM FINANCING ACTIVITIES					
Additional financing	4,059,111	6,064,233			
Repayment of debt and deferred interest	<u>(320,757)</u>	<u>(622,913)</u>			
	<u>3,738,354</u>	<u>5,441,320</u>			
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS	2,248,726	8,477,577			
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>25,361,092</u>	<u>16,883,515</u>			
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 27,609,818</u>	<u>\$ 25,361,092</u>			

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Presentation

The accompanying consolidated financial statements of CHN Housing Partners include the accounts of its wholly owned subsidiaries, Rainbow Place Apartments Inc. (Rainbow), CHN Partner Services Inc. (PSI), CHN Housing Capital, Inc. (HC), CHN Affordable Housing Services LLC (AH), CHN SLP LLC (SLP), and Neighborhood Housing Services of Greater Cleveland, Inc. (NHS), and its affiliate, NHI, Inc. (NHI), (collectively, CHN). The wholly owned subsidiaries and certain affiliates are consolidated with CHN Housing Partners on the basis of control and economic interest in accordance with accounting principles generally accepted in the United States of America (GAAP). All intercompany transactions and balances are eliminated in consolidation.

CHN Housing Partners also has approximately 34 for-profit and not-for-profit affiliates with ownership ranging from 25% to 100%. The sole purpose of these affiliates is to act as general partners in limited partnerships (owning .01% - 1%) which acquire, develop, operate, lease, and provide tenants with the opportunity to purchase low-income housing.

CHN accounts for its ownership interest in these affiliates that are not consolidated and that act as general partners in limited partnerships on the equity method in accordance with GAAP. The limited partners have substantive kick-out and participation rights and, accordingly, CHN has not consolidated the limited partnerships in these accompanying consolidated financial statements. Upon completion of the fifteen-year requirement for low income housing tax credits, CHN receives the limited partnerships' properties in lieu of receiving payment for equity investments. CHN reviews its investments in the limited partnerships for impairment annually. No impairment losses were recorded in 2021. See Note 11 for guarantees provided by CHN on limited partnership loans and capital contribution commitments to limited partnerships that are currently in development.

CHN Housing Partners is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). CHN was established for the purpose of developing affordable housing and providing housing services in the City of Cleveland and surrounding areas in partnership with its 14 neighborhood constituent community development corporations (CDCs), all of which are tax exempt. These CDCs are Buckeye Shaker Square Development Corporation, Burten Bell Carr Development Corporation, Detroit Shoreway Community Development Organization, Fairfax Renaissance Development Corporation, Famicos Foundation, Inc., Mount Pleasant Now Development Corporation, Northeast Shores Development Corporation, Ohio City, Inc., Shaker Square Area Development Corporation, Slavic Village Development, St. Clair-Superior Development Corporation, Tremont West Development Corporation, Union-Miles Development Corporation, and Westown Community Development Corporation.

NHI is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the IRC. NHI was established for the purpose of holding real property to be used to support the charitable activities of CHN. During 2021, NHI had no income statement activity and any assets or liabilities held at December 31, 2021, had no value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations and Presentation (continued)

Rainbow is an Ohio corporation organized in January 2006, to invest in Rainbow Place Apartments, LP (the Limited Partnership), a 181 unit low-income housing project. In 2016, an affiliate of Millennia Housing Development, Ltd. (Millennia) purchased the general partner interest in the Limited Partnership. 2021 activity was immaterial to the consolidated financial statements.

PSI is an Ohio corporation organized in February 2017, to provide construction management services and property management services to third parties with respect to single family and multi-family housing developments. PSI has two wholly owned subsidiaries: CHN Real Estate Services LLC provides property management, and CHN Construction LLC provides construction management services. The operations of the subsidiaries are reflected in the accompanying consolidated statement of activities.

HC is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the IRC. HC was established for the purpose of creating a community development financial institution providing access to financial resources in communities underserved by traditional banks.

AH is an Ohio Limited Liability Company organized in August 2017, for the purpose of providing fully-integrated housing related services to ensure the viability of third party affordable housing programs resulting in home ownership for low-income families.

SLP is an Ohio Limited Liability Company organized in February 2017, for the purpose of acquiring and holding equity interests in entities that own low-income housing tax credit developments, and ultimately selling or disposing of such interests. There was no activity in 2021.

NHS is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the IRC. CHN became the sole member of NHS in July 2019, for the purpose of combining efforts to improve household stability and affordability in neighborhoods throughout Northeast Ohio.

CHN operates many different programs. They are summarized in the consolidated financial statements as follows:

Weatherization

These programs assist low income families in maintaining and improving the properties which they occupy. Since inception, approximately 195,063 homes have received electrical, plumbing, weatherization, furnace, and/or lead abatement improvements at no or minimal cost to the families. CHN also administers utility assistance programs serving approximately 43,165 clients in 2021. Funding is provided by utility companies and federal, state, and local grants.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations and Presentation (continued)Partnerships and Development (Low Income Housing)

CHN forms limited partnerships and utilizes private sector equity generated by the low income housing tax credits to acquire, develop, lease, and manage properties with the goal of generating pathways out of poverty or providing low income individuals a 15-year pathway to homeownership. CHN receives federal, state, and local grants and loans which it in turn loans to the partnerships. Since inception, over 6,540 units have been completed.

This program also includes properties that were acquired, developed and will be sold to low and moderate income families where sales price of the properties is based on market value. Through mortgage financing packages arranged by CHN, many families not otherwise able to afford home ownership become homeowners through the program.

Community Resource Center

These programs provide pathways out of poverty for low and moderate income households and include social services, training, and counseling. To date, 7,467 families have received foreclosure prevention counseling and/or direct assistance. In addition, 33,140 adults and children to date have participated in financial literacy, homeownership, computer and technology, and after school learning programs available to assist families to gain lasting employment, avoid eviction, and achieve homeownership.

COVID-19 Impact

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on CHN and its financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which it operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

Income Taxes

Net income derived from unrelated business activity by CHN is subject to income taxes.

CHN accounts for uncertain tax positions in accordance with GAAP, which requires recognition of and disclosures related to uncertain tax positions. As of and during the year ended December 31, 2021, CHN does not have a liability for unrecognized tax benefits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with CHN's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Revenue RecognitionRevenue from Exchange Transactions

CHN's revenue from exchange transactions is included in management fees - affiliated entities and maintenance services - affiliated entities. CHN disaggregates revenue based on the type of good or service provided to partnerships and other third parties. The accompanying consolidated statement of activities shows those disaggregated revenue streams for the year ended December 31, 2021.

Management fees - affiliated entities primarily consists of the following: 1) developer fees for contract and development services provided to CHN's affiliated limited partnerships during the pre-development and development phases of the projects; 2) construction rehabilitation services provided by CHN to certain limited partnerships in development; and 3) property management services provided to certain limited partnerships in post-development. Developer services are recognized over time upon the completion of specific performance milestones as outlined in the agreements. There is a deferred portion of the developer fee as stated in the contracts. Based on historical experience, the deferred portion of the developer fee is typically constrained by the limited excess cash flow of the limited partnerships and therefore the deferred fee is not included in the transaction price until the consideration is no longer constrained. Construction rehabilitation services are recognized over the construction period using a cost to cost input method. Property management agreements/services may include management services, accounting/bookkeeping services, information technology services, and maintenance services and therefore consist of multiple performance obligations. Each performance obligation represents a series of distinct services that are substantially the same and have the same pattern of transfer (a time based measure of progress over the contract period). The standalone selling price of each performance obligation is identified in the property management agreement.

Differences in the timing of revenue recognition and contractual billing and payment terms result in the recognition of contract assets and liabilities. Contract assets primarily result from developer fee contracts and represent revenues recognized for performance obligations that have been satisfied but for which amounts have not been billed. Contract liabilities or deferred revenue primarily represent cash received that is in excess of revenues recognized and is contingent upon the satisfaction of performance obligations. Contract assets and liabilities are immaterial at December 31, 2021, and January 1, 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)Contribution Revenue

Contributions are recognized when the donor makes a promise to give to CHN that is, in substance, unconditional. Conditional promises to give - that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All donor-restricted contributions whose stipulations are met in the year received are recorded as increases in net assets without donor restrictions.

A portion of CHN's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CHN has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. CHN received cost-reimbursable grants of approximately \$30,000,000 that have not been recognized at December 31, 2021, because qualifying expenditures have not yet been incurred, with an advance payment of \$6,544,320 recognized in the consolidated statement of financial position as deferred revenue at December 31, 2021. Grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by CHN with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor. As of December 31, 2021, approximately \$1,526,000 of funds included in deferred revenue were required to be returned.

Rental Income

CHN rents land and buildings held for sale to low income individuals and is accounted for under Accounting Standards Codification (ASC) 840, *Leases*. Rental income is recorded on a monthly basis through the date of sale.

Accounts Receivable

Accounts receivable includes receivables for program service fees, rent, escrow, grants, and proceeds from houses sold and fees and advances due from various affiliated limited partnerships. These amounts are due under various payment terms.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. When receivables are determined to be uncollectible, they are written off against the allowance for uncollectible accounts receivable. At December 31, 2021, management determined that no allowance for uncollectible accounts was necessary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Risk

CHN received approximately 68% of its public support from the following grantors and programs: Cuyahoga County under Rental and Utility Assistance Programs, the City of Cleveland under Rental Assistance Programs, and Dominion East Ohio under the Housewarming Program. Grants and contracts receivable due from these grantors and programs amounted to approximately 44% of grants and contracts receivable at December 31, 2021.

Accounting Estimates

Management uses estimates and assumptions in preparing its consolidated financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be material.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash and cash equivalents and restricted cash and cash equivalents (cash) include demand deposits, money market accounts, and other investments with original maturities of three months or less. CHN's cash is held in accounts, the balances of which substantially exceed the amount of related federal insurance.

At December 31, 2021, cash and cash equivalents and restricted cash and cash equivalents as shown on the accompanying consolidated statement of cash flows consisted of the following:

Cash and cash equivalents	\$ 18,381,644
Restricted cash and cash equivalents	<u>9,228,174</u>
	<u>\$ 27,609,818</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory includes vacant lots purchased for development under the Homeward program. This program acquires, develops, and sells properties to low- and moderate-income families. At December 31, 2021, CHN has a reserve for impairment as management expects the market value for the inventory to be less than its carrying value.

Inventory - Homeward program	\$ 1,240,825
Reserve for impairment	<u>(1,240,825)</u>
	-
Inventory - Other programs	<u>269,606</u>
Inventory - Net	<u>\$ 269,606</u>

The balance in inventory from other programs consists of properties purchased for resale to individuals, affiliated partnerships, and vacant lots, as well as rental properties held by NHS. CHN records its inventory and land and buildings held for sale at the lower of cost or net realizable value and records a reserve for impairment when the expected sales price of the inventory and land and buildings held for sale is below the carrying value of the properties.

Land and Buildings Held for Sale

Land and buildings held for sale include properties received in payment of notes and interest receivable which are recorded at fair value at the date received and held for sale to qualified low income purchasers. During 2021, 158 of these properties were sold and a loss on the sale of these properties of \$393,276 was reflected in the accompanying consolidated statement of activities. The loss includes the related income from the forgiveness of debt and interest by the City of Cleveland of approximately \$680,000 relating to these properties. CHN also recorded approximately \$348,000 in sales fee revenue for the property sales in 2021, that was recognized in other interest income and miscellaneous in the accompanying consolidated statement of activities.

Depreciation

Depreciation of building is provided by use of the straight-line method over the estimated useful life of 40 years. Depreciation of furniture and equipment is provided by use of the straight-line method over the estimated useful lives of the assets of 5 to 7 years.

Functional Allocation of Expenses

The consolidated statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, general contracting expenses, and overhead (including rent, maintenance, and other related costs), which are allocated on the basis of estimates of time and effort.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

Forgivable Loans

Absent specific guidance in GAAP, CHN accounts for forgivable loans as debt in accordance with ASC 470, *Debt*, and accrues interest in accordance with the interest method under ASC 835-30, *Interest – Imputation of Interest*. Accordingly, proceeds from such loans are recorded as a liability until either the loan is, in part or wholly forgiven and the debt has been legally released or the loan is paid off. In addition, CHN has elected to classify these loans based on contractual terms.

Subsequent Events

Management has evaluated subsequent events through June 28, 2022, the date the consolidated financial statements were available to be issued.

## 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of CHN'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. CHN's financial assets available to meet cash needs for general expenditures within one year were as follows at December 31, 2021:

Cash and cash equivalents	\$ 18,381,644
Accounts receivable	9,471,139
Mortgages receivable - Net	<u>3,146,196</u>
Total financial assets at year-end	30,998,979
Less: Amounts unavailable for general expenditures within one year (mortgages receivable due after one year)	2,513,063
Less: Donor restricted amounts included in cash (see Note 7)	<u>619,043</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 27,866,873</u>

To help manage unanticipated liquidity needs, CHN has lines of credit available with maximum borrowings of up to \$2,750,000, which can be drawn upon if necessary, to fund general expenditures within one year. In addition, CHN invests cash in excess of daily requirements in short-term investments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. NOTES RECEIVABLE

Long-term notes receivable are due from various limited partnerships in which CHN's affiliates are general partners. The partnerships acquire, develop, own, operate, lease, and provide tenants with the opportunity to purchase low-income housing after a certain number of years. The properties are developed using low income housing tax credits. Interest rates on the notes receivable range from 0% to 7.5%. Certain notes require current payments of interest, but a substantial portion of the interest is deferred until the maturity of the notes. All principal payments are deferred until the completion of the fifteen-year requirement for low income housing tax credits. The due dates of the notes range from 2027 through 2065. The notes are collateralized by the assignment of investor limited partners' notes or mortgages on certain real and personal property.

At the due date of the principal, CHN expects, in substantially all cases, to receive partnership properties as repayment for these receivables. CHN will then sell or rent the properties to tenants or other qualified low-income purchasers. In most cases, amounts due to the City of Cleveland by CHN related to these properties are forgiven at the time of sale.

During 2021, CHN received properties as repayment for notes and interest receivable, which were accounted for as follows:

Fair value of homes received	\$ 3,309,500
City debt forgiven	1,020,000
Cash received	505,889
Debt assumed	(640,000)
Notes receivable - Net	(1,500,000)
Interest receivable	<u>(1,692,943)</u>
Gain on collection of notes and accounts receivable	<u>\$ 1,002,446</u>

CHN reviews its long-term notes and interest receivable for collectability whenever events or changes in circumstances indicate that the notes and interest receivable or underlying collateral may not be recoverable. Recoverability is measured by comparison of the notes receivable and deferred interest balances to the expected future sales price of the properties net of assumed debt owed on the properties. If the notes and interest receivable are not considered fully collectible, management records an allowance for estimated losses. No allowance for estimated losses was deemed necessary at December 31, 2021.

## 4. MORTGAGES AND LOANS RECEIVABLE - NET

CHN provides second and third deferred mortgages to finance the purchase of Homeward homes by low and moderate income individuals. No principal is due on these loans. No interest is due on these loans unless the homes are sold within 5 years of ownership. Mortgages provided to buyers of the homes are due in full if the home buyer sells the home within the first 30 years of ownership. Provided the house is not sold for 30 years, the mortgages are forgiven. The mortgages have maturities through 2042. At December 31, 2021, the outstanding balance on these mortgages was approximately \$425,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. MORTGAGES AND LOANS RECEIVABLE - NET (Continued)

Mortgages are also available to buyers of homes in the lease-purchase program. At December 31, 2021, the outstanding balance on these mortgages was approximately \$2,688,000. The mortgages bear interest at 0%. Mortgages outstanding at December 31, 2021, in the amount of approximately \$1,958,000 are paid monthly and mature between 2022 and 2026. The remaining mortgages receivable outstanding at December 31, 2021, of approximately \$730,000, are due upon the sale of the homes.

For mortgages receivable where monthly payments are due, management reviews these mortgages receivable and estimates the portion, if any, of the balances that will not be collected. Additionally, management estimates an allowance for these mortgages receivable based on historical collectability and current economic conditions. There was approximately \$75,000 allowance for uncollectible mortgages receivable where monthly payments are due at December 31, 2021.

For mortgages receivable where CHN will receive payment upon sale of the properties, CHN reviews these mortgages receivable for collectability whenever events or changes in circumstances indicate that the value of the receivable or the underlying collateral may not be recoverable. Recoverability is measured by comparison of the mortgages receivable balances to the fair value of the properties less other debt owed on the properties. At December 31, 2021, CHN has an allowance for estimated losses on these mortgages of approximately \$275,000 and this allowance specifically relates to second and third mortgages on those properties sold under the Homeward program.

NHS provides loans to certain homeowners to finance home improvements who do not qualify for loans from commercial lending sources. The loans provide for annual interest at rates ranging from 0% to 6.5%, mature between 2022 and 2037, and are collateralized by mortgages on the improved properties. Management continually reviews and assesses the collectability of the portfolio. Loans receivable was approximately \$383,000, at December 31, 2021. No allowance for uncollectible mortgages was recorded as of December 31, 2021.

## 5. NOTES PAYABLE

CHN has lines of credit with two banks and a community development lending institution, totaling \$2,750,000, of which \$2,750,000 was outstanding at December 31, 2021. The interest rates are fixed at 5.00% or are at prime (3.25% at December 31, 2021) plus an applicable margin ranging from .50% to 3.42%. Approximately \$1,200,000 of the total lines may be used for acquisition and construction of properties purchased for inventory. Interest is payable monthly with principal to be repaid from proceeds of properties sold. The balance of the lines is secured by specified assets of CHN, as defined. The notes payable are due, in full, in accordance with the terms of the agreements, with two lines with outstanding balances of \$2,000,000 maturing in August 2022, one line with outstanding borrowings of \$500,000 maturing in August 2024, and another line with outstanding borrowings of \$230,974 maturing in June 2022.

The lines of credit have certain financial covenants, which require the maintenance of a current ratio, as defined.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. LONG-TERM DEBT

Long-term debt at December 31, 2021, consists of the following:

0% - 6.50% mortgages, payable to the City of Cleveland and the State of Ohio with all interest and principal deferred; due 2022 through 2065; certain of the mortgages have provisions for forgiveness of principal and interest	\$ 21,618,287
0% note, payable to the US Department of Housing and Urban Development with all interest and principal deferred; due June 2054; the mortgage has provisions for forgiveness of principal and interest	5,051,800
0% note, payable to Cuyahoga County with all interest and principal deferred; due May 2044; secured by a mortgage on the property; the mortgage has provisions for forgiveness of principal and interest	350,000
0% notes, payable to Cuyahoga County with all interest and principal deferred; due December 2047; secured by mortgages on the properties; the mortgages have provisions for forgiveness of principal and interest	900,000
0% note, payable to Cuyahoga County with all interest and principal deferred; due December 2044; secured by a mortgage on the property; the mortgage has provisions for forgiveness of principal and interest	450,000
5.09% note, payable to a nonprofit organization with interest and principal deferred; interest compounded annually; due September 2038; collateralized by notes receivable	600,000
0% mortgages, payable to a nonprofit organization with all interest and principal deferred; due December 2025; the mortgages have provisions for forgiveness of principal and interest	882,000
2% note, payable to a foundation with interest paid quarterly and principal deferred, a balloon payment is due December 2030	1,000,000
0% recoverable grant, payable by HC to the City of Cleveland to be used to fund the Loan Loss Reserve for the Lead Safe Home Fund	2,000,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. LONG-TERM DEBT (Continued)

0% note, payable to a foundation with annual payments beginning in year 3, with full payment by 2031	750,000
0% recoverable grant, payable by HC to a corporation to be used to fund the Loan Loss Reserve for the Lead Safe Home Fund	125,000
0% recoverable grant, payable by HC to the Cuyahoga County Land Reutilization Corp to be used to fund the Loan Loss Reserve to support HC's mortgage lending program and to fund home repair loans and grants	2,100,000
2% note, payable to a foundation with interest paid quarterly and principal deferred until December 2023, at which time quarterly principal payments will begin with the final payment due 2031	200,000
2% note, payable to a foundation with interest paid quarterly and principal deferred until December 2023, at which time quarterly principal payments will begin with the final payment due 2031	83,333
4.40% note, payable to a bank in monthly installments of \$2,712, including interest with a balloon payment of approximately \$354,000 due May 2022, and secured by NHS's assets	366,086
6% - 6.50% notes, payable to a community development lending institution, payable in monthly installments totaling \$21,579 including interest through May 2022, and secured by NHS's assets	<u>118,235</u>
	36,594,741
Less: Current portion	<u>571,504</u>
	<u>\$ 36,023,237</u>

Future maturities of long-term debt are as follows:

2022	\$ 571,504
2023	102,890
2024	1,012,310
2025	130,310
2026	130,310
Thereafter	<u>34,647,417</u>
	<u>\$ 36,594,741</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. LONG-TERM DEBT (Continued)

During 2020, CHN received proceeds from a bank of \$1,454,000 as guaranteed by the Small Business Administration's (SBA) Paycheck Protection Program (PPP). In August 2021, the PPP loan was fully forgiven in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) with the satisfaction of certain conditions, as defined in the loan agreement.

## 7. NET ASSETS

Net assets with donor restrictions include endowment funds held in perpetuity whose income is designated for general operations.

It is the investment objective of the Board of Directors to invest (loan) the funds to low income housing projects in development in the form of notes receivable. The Board invests in cash any endowment funds not invested in (loaned to) these projects.

There were \$205,957 of endowment assets invested in low-income housing projects at December 31, 2021. Invested endowment assets yield the greater of 6% or the prime rate plus 1% with interest due quarterly. Endowment assets with donor restrictions of \$619,043 at December 31, 2021, are included in cash balances. The income generated from the endowment asset was insignificant for 2021.

Net assets with donor restrictions also includes approximately \$3,000,000 of restricted cash and cash equivalents and loans receivable subject to purpose and time restrictions, whose income is designated for general operations. Net assets with donor restrictions primarily consists of restricted cash and cash equivalents maintained and used as compensating balances at financial institutions participating in loan programs. The restricted cash and cash equivalents included in net assets with donor restrictions were primarily funded by grants received in previous years. After a predetermined length of time, the financial institutions release the linked deposits which are then used as needed for new low interest, linked deposit loans or specific program expenses.

Net assets with donor restrictions also includes contributions from donors of \$300,000 restricted for the Family Success Initiative: Paving Pathways to Economic Mobility and Sustainable Homeownership, and \$350,000 for the Detroit Housing Network: Strengthening Service Delivery for LMI and Minority Families.

CHN's net assets without donor restrictions is comprised of undesignated and Board designated amounts at December 31, 2021, for the following purposes:

Undesignated	\$ 27,892,265
Designated for reducing the sale price of homes to future lease purchase buyers	<u>2,460,000</u>
	<u>\$ 30,352,265</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. COMMITMENTS AND CONTINGENCIES

Leases

CHN leases office space and office equipment under long-term operating leases through 2027.

Minimum annual rentals are as follows:

2022	\$	428,559
2023		190,367
2024		144,577
2025		117,846
2026		110,604
Thereafter		<u>18,446</u>
	\$	<u>1,010,399</u>

Total rent expense for office space and equipment for 2021, amounted to approximately \$602,000.

Litigation

CHN is the named defendant in several pending lawsuits. The ultimate outcome of these lawsuits cannot be presently determined. In the opinion of management, the outcome of these lawsuits will not have a material effect on CHN's consolidated financial position.

Laws and Regulations

Laws and regulations over federal funds received by the Organization are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.

## 9. PROFIT SHARING AND RETIREMENT PLAN SAVINGS

CHN has a 401(k) profit sharing plan covering substantially all employees. The plan requires an employer contribution of 3% of all eligible wages. Employer contributions for 2021 amounted to approximately \$328,000. The plan also allows for additional contributions at the discretion of the Board of Trustees. There were no discretionary contributions for 2021.

NHS has a 403(b) retirement savings plan. When CHN acquired NHS, employees of NHS became employees of CHN and became eligible to participate in CHN's profit sharing plan, therefore only a few employees remain in the NHS retirement savings plan at December 31, 2021. There were no employer contributions to the NHS retirement savings plan in 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. RELATED PARTY TRANSACTIONS

During the ordinary course of its business, CHN conducts transactions with related parties. During 2021, CHN paid \$368,775 for administration of utility assistance programs to its neighborhood constituent community development corporations.

In 2021, CHN charged the affiliated partnerships \$94,866 for accounting services.

Revenue included in management fees and maintenance service on the consolidated statement of activities are substantially received from affiliated entities.

## 11. GUARANTEES AND CAPITAL CONTRIBUTION COMMITMENTS

CHN has guaranteed loans for six of its affiliated partnerships as follows:

<u>Partnership</u>	<u>Amount Outstanding at December 31, 2021</u>	<u>Source of Loan</u>
Santee Landing LLC	\$ 6,207,244	Bank
SWDS Homes LP	\$ 4,768,828	Bank
L2P Westside LLC	\$ 5,624,623	Bank
Pinzone Towers LP	\$ 5,237,453	Bank
Chevybrook Estates	\$ 2,624,344	Bank
Granada Apartments	\$ 253,367	Bank

The term of the guarantees is the life of the loans through the construction periods, which are expected to mature in 2022. In addition to the guarantee, the loans are collateralized by mortgages on the partnerships' properties for the project. The guarantees were made to assist the partnerships in obtaining construction financing for housing projects for which CHN is the developer. CHN would be required to perform under the guarantees if the partnerships defaulted on their loans. The maximum potential amount to be owed would be the balance of the loan plus accrued interest. CHN would expect the amount due to be reduced by the proceeds of the sale of the partnerships' collateral.

CHN has also committed approximately \$400,000 in the way of capital contributions to various affiliated partnerships as of December 31, 2022.

CHN HOUSING PARTNERS AND AFFILIATES

DECEMBER 31, 2021

SUPPLEMENTAL FINANCIAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	
Year ended December 31, 2021 .....	25 - 28
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	
Year ended December 31, 2021 .....	29
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i> .....	30 - 31
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....	32 - 34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Year ended December 31, 2021 .....	35 - 36
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	37
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION .....	38
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	
December 31, 2021 .....	39
CONSOLIDATING STATEMENT OF ACTIVITIES	
Year ended December 31, 2021 .....	40
SCHEDULE OF OHIO DEVELOPMENT SERVICES AGENCY ADMINISTERED GRANTS	
December 31, 2021 .....	41
SCHEDULE OF LONG-TERM NOTES RECEIVABLE	
December 31, 2021 .....	42 - 43
SCHEDULE OF NOTES PAYABLE	
December 31, 2021 .....	44
SCHEDULE OF MORTGAGES PAYABLE TO CITY OF CLEVELAND AND STATE OF OHIO	
December 31, 2021 .....	45

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing #	Expenditures
United States Department of Energy passed through the State of Ohio		
Home Weatherization Assistance Program - 20-111	81.042	\$ 677,669
Home Weatherization Assistance Program - 21-111	81.042	<u>572,781</u>
		<u>1,250,450</u>
United States Department of Health and Human Services passed through Cuyahoga County		
Utility Assistance Program - CE1700021	93.558	<u>52,380</u>
United States Department of Health and Human Services passed through the State of Ohio		
Home Energy Assistance Program - 21-HA-135 (\$343,571 passed through to subrecipients)	93.568	1,574,412
Home Energy Assistance Program - 22-HA-135 (\$25,204 passed through to subrecipients)	93.568	650,218
Home Weatherization Assistance Program - 20-111	93.568	933,258
Home Weatherization Assistance Program - 21-111	93.568	665,966
Home Weatherization Assistance Program - 20-HE-111	93.568	287,190
Home Weatherization Assistance Program - 21-HE-111	93.568	<u>137,991</u>
		<u>4,249,035</u>
United States Department of Health and Human Services passed through Step Forward		
COVID-19 Home Relief Program	93.569	<u>5,545,593</u>
Total United States Department of Health and Human Services		<u>9,847,008</u>
United States Department of Housing and Urban Development passed through Cuyahoga County		
Foreclosure Prevention Counseling	14.218	4,540
Home Repair Grant	14.218	384,451
COVID-19 Rental Assistance Program	14.218	<u>2,314,867</u>
		<u>2,703,858</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing #	Expenditures
United States Department of Housing and Urban Development passed through the City of Cleveland		
Foreclosure Prevention Counseling	14.218	16,910
Housing Counseling	14.218	59,813
COVID-19 Utility Assistance Program	14.218	576,242
COVID-19 Rental Assistance Program	14.218	6,333,450
COVID-19 Referral Program	14.218	<u>9,453</u>
		6,995,868
United States Department of Housing and Urban Development passed through the City of Cleveland Heights		
COVID-19 Rental Assistance Program	14.218	359,382
United States Department of Housing and Urban Development passed through the City of Euclid		
COVID-19 Rental Assistance Program	14.218	<u>239,383</u>
		<u>10,298,491</u>
United States Department of Housing and Urban Development passed through Housing Partnership Network		
Housing Counseling Programs	14.169	<u>114,125</u>
United States Department of Housing and Urban Development passed through Enterprise Community Partners		
Detroit Preservation - 20-2079	14.256	<u>72,560</u>
United States Department of Housing and Urban Development passed through the Ohio Housing Finance Agency		
Community Housing Development Grant	14.239	1,409,978
United States Department of Housing and Urban Development passed through Cuyahoga County		
Down Payment Assistance	14.239	<u>172,305</u>
		<u>1,582,283</u>
Total United States Department of Housing and Urban Development		<u>12,067,459</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing #	Expenditures
United States Department of Treasury passed through Cuyahoga County passed through Enterprise Community Partners Low Income Tax Assistance – 20-2130	21.009	<u>78,000</u>
United States Department of Treasury passed through Step Forward COVID-19 CRF Rental and Utility Assistance Programs	21.019	984,698
United States Department of Treasury Passed through Cuyahoga County COVID-19 CRF Rental Assistance Program	21.019	<u>1,990,320</u> <u>2,975,018</u>
United States Department of Treasury passed through Cuyahoga County COVID-19 Emergency Rental Assistance Program	21.023	19,368,790
United States Department of Treasury passed through the City of Cleveland COVID-19 Emergency Rental Assistance Program	21.023	<u>10,386,768</u> <u>29,755,558</u>
United States Department of Treasury passed through CDFI Fund Technical Assistance Grant	21.020	<u>28,125</u>
United States Department of Treasury passed through the State of Ohio COVID -19 ARPA Homeowner Assistance Fund	21.026	<u>55,672</u>
United States Department of Treasury passed through Housing Partnership Network COVID-19 ARPA Housing Counseling	21.027	<u>96,623</u>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED DECEMBER 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing #</u>	<u>Expenditures</u>
United States Department of Treasury passed through NeighborWorks COVID-19 Response	21.000	<u>394,000</u>
Total United States Department of Treasury		<u>33,382,996</u>
Total Federal Expenditures		<u>\$ 56,547,913</u>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2021

## SECTIONS II AND III – FINANCIAL STATEMENT FINDINGS AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2020-01

CONDITION: During 2020, procedures were not in place to ensure general ledger accounts were reconciled and reviewed on a timely basis. As a result, audit adjustments were made to the consolidated financial statements and schedule of expenditures of federal awards.

RECOMMENDATION: Systems and procedures should be established by management to allow for timely reconciliation and review of general ledger accounts.

CURRENT YEAR STATUS: Management has added two accounting staff positions and continues to analyze the needs of the department to ensure the timely reconciliation of the general ledger. No similar findings were noted in the 2021 audit.

Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Board of Directors  
CHN Housing Partners and Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of CHN Housing Partners (a nonprofit organization) and Affiliates which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2022.

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered CHN Partners and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CHN Partners and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of CHN Partners 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CHN Partners and Affiliates' 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

*Cohen & Company Ltd.*

Cleveland, Ohio  
June 28, 2022

Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by The Uniform Guidance

Board of Directors  
CHN Housing Partners and Affiliates

## **Report on Compliance for the Major Program**

### ***Opinion on Each Major Federal Program***

We have audited CHN Housing Partners and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CHN Housing Partners and Affiliates' major federal programs for the year ended December 31, 2021. CHN Housing Partners and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, CHN Housing Partners 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 each of its major federal programs for the year ended December 31, 2021.

### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CHN Housing Partners and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CHN Housing Partners and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CHN Housing Partners and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Report on Internal Control over Compliance***

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

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

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

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

*Cohen & Company Ltd.*

Cleveland, Ohio  
June 28, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Consolidated Financial Statements

Type of auditors’ report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None
Noncompliance material to consolidated financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None
Type of auditors’ report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, section 200.516?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Identification of major program:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 CRF Rental Assistance Program
21.019	COVID-19 CRF Rental and Utility and Assistance Programs
21.023	COVID-19 Emergency Rental Assistance Program
14.218	COVID-19 CRF Rental Assistance Program
14.218	COVID-19 CRF Utility Assistance Program
14.218	COVID-19 Referral Program
14.218	Foreclosure Prevention Counseling
14.218	Housing Counseling
14.218	Home Repair Grant
93.568	COVID-19 Home Relief Program

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  Yes \_\_\_\_\_ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

## 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CHN Housing Partners and Affiliates under the programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CHN Housing Partners and Affiliates, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of CHN Housing Partners and Affiliates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

CHN Housing Partners and Affiliates have not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## Independent Auditors' Report on Supplemental Financial Information

Board of Directors  
CHN Housing Partners and Affiliates

We have audited the consolidated financial statements of CHN Housing Partners and Affiliates as of and for the year ended December 31, 2021, and our report thereon dated June 28, 2022, which expressed an unmodified opinion on those consolidated financial statements appears on pages 2 - 4. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information on pages 39 through 45 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Cohen & Company Ltd.*

Cleveland, Ohio  
June 28, 2022

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	CHN	CHN Housing Capital	Subsidiaries and Affiliates	Eliminations	Consolidated		CHN	CHN Housing Capital	Subsidiaries and Affiliates	Eliminations	Consolidated
ASSETS						LIABILITIES AND NET ASSETS					
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	\$ 16,964,761	\$ 368,243	\$ 1,048,640		\$ 18,381,644	Current portion of notes payable	\$ 2,000,000		\$ 230,974		\$ 2,230,974
Accounts receivable - Net						Current portion of long-term debt	87,182		484,322		571,504
Affiliated entities	3,999,697	1,030,754	25,896	\$ (1,674,348)	3,381,999	Current portion of deferred interest payable	835				835
Other	2,059,588		106,619		2,166,207	Accounts payable and accrued expenses					
Grants and contracts	4,873,066	546,622			5,419,688	Trade	2,134,803	\$ 102,743	6,373		2,243,919
Current portion of mortgages and loans receivable	122,242	380,686	130,205		633,133	Affiliated entities	1,321,843	205,510	376,006	\$ (1,674,348)	229,011
Inventory - Net	24,695		244,911		269,606	Other	1,597,662	87,686	43,105		1,728,453
Prepaid and other assets	2,700,414	9,615		(1,617,500)	1,092,529	Deferred revenue	5,958,932	263,290			6,222,222
Land and buildings held for sale	5,482,716				5,482,716		13,101,257	659,229	1,140,780	(1,674,348)	13,226,918
	<u>36,227,179</u>	<u>2,335,920</u>	<u>1,556,271</u>	<u>(3,291,848)</u>	<u>36,827,522</u>						
PROPERTY AND EQUIPMENT - AT COST						LONG-TERM LIABILITIES					
Building			81,025		81,025	Notes payable	500,000				500,000
Furniture and equipment	840,434	43,275	1,458		885,167	Long-term debt	29,764,904	6,258,333			36,023,237
Less: Accumulated depreciation	(778,087)	(8,700)	(26,245)		(813,032)	Deferred interest payable	1,376,327				1,376,327
	<u>62,347</u>	<u>34,575</u>	<u>56,238</u>		<u>153,160</u>		31,641,231	6,258,333			37,899,564
							44,742,488	6,917,562	1,140,780	(1,674,348)	51,126,482
OTHER ASSETS						NET ASSETS					
Restricted cash and cash equivalents		5,046,372	4,181,802		9,228,174	Without donor restrictions	28,136,713	1,893,458	1,716,061	(1,617,500)	30,128,732
Long-term notes receivable - Net	24,277,084				24,277,084	With donor restrictions	1,475,000		3,190,475		4,665,475
Investments in limited partnerships	7,073,308				7,073,308		29,611,713	1,893,458	4,906,536	(1,617,500)	34,794,207
Mortgages and loans receivable - Net	865,905	1,394,153	253,005		2,513,063						
Interest receivable - Deferred	5,848,378				5,848,378						
	<u>38,064,675</u>	<u>6,440,525</u>	<u>4,434,807</u>		<u>48,940,007</u>						
	<u>\$ 74,354,201</u>	<u>\$ 8,811,020</u>	<u>\$ 6,047,316</u>	<u>\$ (3,291,848)</u>	<u>\$ 85,920,689</u>		<u>\$ 74,354,201</u>	<u>\$ 8,811,020</u>	<u>\$ 6,047,316</u>	<u>\$ (3,291,848)</u>	<u>\$ 85,920,689</u>

## CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	CHN	CHN Housing Capital	Subsidiaries and Affiliates	Eliminations	Total
REVENUES					
Public support	\$ 72,467,091	\$ 2,513,186	\$ 53,007		\$ 75,033,284
Rental income	2,374,577		65,933		2,440,510
Management fees - Affiliated entities	10,271,811			\$ (42,248)	10,229,563
Interest income - Affiliated entities	819,544				819,544
Net losses on sale of inventory and land and buildings	(373,367)		(19,909)		(393,276)
Maintenance services - Affiliated entities	1,237,094		609,512		1,846,606
Other interest income and miscellaneous	1,650,225	84,533	78,467		1,813,225
	<u>88,446,975</u>	<u>2,597,719</u>	<u>787,010</u>	<u>(42,248)</u>	<u>91,789,456</u>
OPERATING EXPENSES					
Program services	85,447,211	1,826,515	1,058,840	(42,248)	88,290,318
Supporting services					
Management and general	1,693,184				1,693,184
Fundraising	567,698				567,698
	<u>87,708,093</u>	<u>1,826,515</u>	<u>1,058,840</u>	<u>(42,248)</u>	<u>90,551,200</u>
CHANGE IN NET ASSETS FROM OPERATIONS	738,882	771,204	(271,830)		1,238,256
FORGIVENESS OF PAYCHECK PROTECTION LOAN PROGRAM	1,454,000				1,454,000
GAIN ON COLLECTION OF NOTES AND ACCOUNTS RECEIVABLE	<u>1,002,446</u>				<u>1,002,446</u>
CHANGE IN NET ASSETS	3,195,328	771,204	(271,830)		3,694,702
NET ASSETS - BEGINNING OF THE YEAR	<u>26,416,385</u>	<u>1,122,254</u>	<u>5,178,366</u>	<u>(1,617,500)</u>	<u>31,099,505</u>
NET ASSETS - END OF THE YEAR	<u>\$ 29,611,713</u>	<u>\$ 1,893,458</u>	<u>\$ 4,906,536</u>	<u>\$ (1,617,500)</u>	<u>\$ 34,794,207</u>

## SCHEDULE OF OHIO DEVELOPMENT SERVICES AGENCY ADMINISTERED GRANTS

DECEMBER 31, 2021

<u>Grant Name</u>	<u>Number</u>	<u>Cash Received</u>	<u>Expenses Charged</u>	<u>Remaining Grant Balance</u>
Housing Trust Fund	S-R-19-7DR-1	\$ 50,829	\$ 50,829	\$ 8,069
Housing Trust Fund	S-R-20-7DR-1	\$ 95,126	\$ 95,126	\$ 101,674

## SCHEDULE OF LONG-TERM NOTES RECEIVABLE

DECEMBER 31, 2021

Description	Amount	Interest Rate	Maturity Date
Erie Square LP	\$ 500,000	5%	December 2030
Erie Square LP	48,030	4%	May 2034
Erievue Homes II LP	1,005,668	7%	December 2033
Stockyard Homes LP	735,000	5.25%	December 2033
Slavic Village Homes LP	545,233	7%	December 2033
Cleveland New Homes LP	324,000	5%	December 2027
Cleveland Green Homes East LP	1,067,610	.5%	January 2041
Cleveland Green Homes East LP	492,330	2%	January 2041
Cleveland Green Homes LP	636,000	.5%	January 2041
Cleveland Green Homes LP	396,000	2%	January 2041
Cleveland Green Homes II LP	3,789,317	1.85%	July 2060
Cleveland NSP Homes LP	4,750,000	1.15%	December 2062
Cleveland NSP Homes LP	1,250,000	1.15%	December 2062
Edgewood Park LP	750,000	2%	December 2037
Emerald Alliance VII LP	1,601,000	2%	June 2043
International Village	833,809	2.25%	January 2025
New Construction LP IV	600,000	5.09%	September 2038
Cleveland Green Homes III LP	387,000	7.5%	December 2044
Emerald Alliance VI LP	420,783	0%	December 2044

## SCHEDULE OF LONG-TERM NOTES RECEIVABLE (Continued)

DECEMBER 31, 2021

<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Maple Park Place LP	450,000	.25%	December 2044
Emerald Alliance VIII LP	200,000	0%	December 2046
Emerald Alliance VIII LP	300,000	0%	December 2046
Westerly III LP	350,000	.25%	December 2064
Emerald Alliance IX LP	450,000	0%	December 2047
Hough Heritage LP	450,000	0%	December 2047
Eastside Neighborhood Homes LP	235,575	2%	April 2049
Emerald Alliance XI LP	99,750	3.5%	December 2050
Menwa Apartments LP	200,000	2.5%	December 2060
Pinzone Towers LP	<u>1,409,979</u>	2%	March 2065
	<u>\$ 24,277,084</u>		

## SCHEDULE OF NOTES PAYABLE

DECEMBER 31, 2021

<u>Lender</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Total Line of Credit</u>	<u>Amount Outstanding at December 31, 2021</u>
Key Bank	Prime + .5%	August 2022	\$ 1,200,000	\$ 1,200,000
Key Bank	Prime + .5%	August 2022	800,000	800,000
JP Morgan Chase Bank	Prime + 3.42%	June 2022	250,000	230,974
Housing Partnership Network	5%	August 2024	<u>500,000</u>	<u>500,000</u>
			<u>\$ 2,750,000</u>	<u>\$ 2,730,974</u>

SCHEDULE OF MORTGAGES PAYABLE TO CITY OF CLEVELAND  
AND STATE OF OHIO

DECEMBER 31, 2021

Description	Interest Rate	Due Date	Amount
P1	0%	*	\$ 2,500
P2	0%	*	12,500
P5	6.5% (Deferred)	*	8,640
P7 (State)	0%	2032	40,000
P8	1%	*	7,536
P8 (State)	0%	2022	7,560
P11	0%	2022	29,762
P12	0%	2022	49,860
P16	0%	2026	76,923
P17	0%	2027	30,000
P17 (State loan)	0%	*	5,550
P18	0%	2028	54,000
P18 (State loan)	0%	*	16,875
P19/Erievew Homes	0%	*	202,788
P20	0%	2030	192,000
Cleveland New Homes	0%	2027	324,000
P21	0%	2031	336,000
NC3	0%	2033	192,000
Erie Square	0%	2037	500,000
Erievew Homes II	0%	2034	750,000
Slavic Village Homes	0%	2034	335,000
Stockyard Homes	0%	2033	735,000
Cleveland Green Homes	0%	2039	636,000
Cleveland Green Homes (State)	2%	*	396,000
Cleveland Green Homes East	0%	2040	1,090,280
Cleveland Green Homes East (State)	2%	*	508,000
Edgewood Park (State)	2%	2038	750,000
Eastside Neighborhood Homes	2%	2033	228,594
Cleveland Green Homes II (State)	1.5%	2060	3,782,157
Cleveland NSP Homes	0%	2062	6,000,000
Cleveland Green Homes III	0%	2044	387,000
Emerald Alliance VI	0%	2044	420,785
Emerald Alliance VII	0%	2043	500,000
Emerald Alliance VII (State)	2%	2043	1,101,000
Emerald Alliance VIII	0%	2046	200,000
Emerald Alliance VIII	0%	2046	300,000
Pinzone Towers LP	2%	2065	<u>1,409,977</u>
			<u>\$ 21,618,287</u>

\* Interest and principal to be forgiven upon tenants' exercise of the lease purchase provision.