

NORTHWEST HOUSING ALTERNATIVES, INC.  
AND SUBSIDIARIES

CONSOLIDATED AND COMBINED  
FINANCIAL STATEMENTS

Year Ended December 31, 2020



**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2020**

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## Executive Director's Report

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Northwest Housing Alternatives (NHA) has created opportunity through housing in Oregon since 1982. We believe that stable and affordable housing is the foundation for healthy families and communities and provides opportunities for individuals and families to thrive. NHA is a leading non-profit developer of affordable housing in Oregon, currently providing 2,114 safe, dignified, affordable homes to over 2,900 individuals in 16 counties. We challenge ourselves through continuous improvement and innovation in our programs, properties, and partnerships.

As well known, 2020 was an extraordinary year of challenges where the Covid-19 pandemic disproportionately impacted Black, Brown, Indigenous, and communities of color; and when the deaths of George Floyd in Minneapolis, MN and Brianna Taylor in Louisville, KY sparked outrage and a re-emergence of social justice awareness and action. In March, NHA joined companies and organizations across the country in moving to a “work-from-home” or remote format to support the health and well-being of employees, clients, and residents. NHA team members were supported with laptops, monitors, desks and chairs, cell phone reimbursement, personal protection equipment, and flexibility of work schedules. Our staff teams created new and innovative ways to maintain program delivery and core operations. Our service and production levels actually increased due to the deep commitment of each and every staff and board member.

### Program Successes

We continue to measure our success in how we support people with services, prevent and end homelessness, and create more affordable housing opportunities. These efforts are driven by three highly effective teams:

With little to no disruption in services and program delivery in 2020, the *Homeless Intervention Services* (HIS) team helped people move from crisis to stability:

- The HomeBase program consists of case management services and direct client assistance funds to prevent or solve homelessness. In 2020 the HomeBase program served 63 households.
- Pathways, a program serving vulnerable residents living with mental illness is a collaboration with Clackamas County Behavioral Health Department and the Clackamas branch of the State's Department of Human Services (DHS) department. In 2020 Pathways assisted 30 households to remain stable in their housing.
- The Annie Ross House is the only full-time shelter for homeless families in Clackamas County and has the capacity to accommodate eight families in separate rooms. During most of 2020 it operated by housing four families in the shelter (half capacity) and four families in motels. Case management and housing placement services through HomeBase remained consistent and effective.

The *Resident Services* (RS) team supports households who live at NHA properties to maintain housing stability and to access services for health and wellness, nutrition, education, employment, and more. In 2020 community rooms and common areas were closed due to Covid-19, yet the RS team continued to provide services to over 2,500 residents in 34 properties across the state. Eighty-four percent of our residents improved or maintained their housing stability, and we maintained a 97% eviction prevention rate.

The *Housing Development* (HD) team completed the construction of the Buri Building that includes 159 units in NE Portland serving households earning 60% or less of Area Median Income. Additionally, the HD team secured project funding and continued pre-development and construction work on other projects including:

- *Ontario Apartments* - Acquisition and rehab of a former care center in two phases: Phase 1 is an adaptive reuse of the existing care facility providing 60 apartments for seniors and families, and Phase 2 will be a new construction project providing approximately 50 family-sized units on the same site.
- *Florence Apartments* - New construction of 45 units of workforce and family-sized units in the coastal community of Florence in Lane County.
- *SE Harold* - New Construction of 55 units of workforce housing in outer SE Portland.
- *NHA's LIHPRHA portfolio* - Refinance and rehab of 120 to 240 units spread across 6 properties in 5 Oregon Counties – in 2020, Sunnyslope Manor in Salem and College Manor in Monmouth began rehab.
- *Tigard Senior Housing* – New construction of 55 units co-located with the Tigard Senior Center.
- *Emmons Place* – New construction combined with reconstruction of a historic building in the Alphabet District of Northwest Portland to create 144 units of senior and workforce housing.

### **Racial Equity and Environmental Sustainability**

As outlined in the NHA strategic plan, two “focused priorities” drive our work: 1) racial equity, diversity and inclusion work (REDI); and 2) environmentally sustainability. While much of this work is not easy to identify and measure in an accounting audit, we are pleased with our progress in these two areas. REDI work is facilitated through two staff-led committees where internal policies are reviewed and updated, learning and the raising of awareness occurs, and new initiatives are born. Environmental sustainability work is seen in specific features of our new housing development projects like solar arrays, ever-improving energy efficiencies, and electronic car charging stations. While we hold people at the center of our work (residents, clients, and staff), these two focused priorities continue to steer our efforts and outcomes going forward.

### **Gratitude**

NHA owes much of its success in 2020 to our resilient and dedicated staff, a committed volunteer Board of Directors, generous support from community members, and partnerships with valued businesses, foundations, and government funders. We recognize that NHA's effectiveness in the affordable housing industry in Oregon depends on these trusting and collaborative relationships, and we are deeply grateful for all that is given from so many.

Trell Anderson  
*Executive Director*

Jake Kirsch  
*Board Chair*

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northwest Housing Alternatives, Inc. and Subsidiaries  
Milwaukie, Oregon

### *Report on the Financial Statements*

We have audited the accompanying consolidated and combined financial statements of Northwest Housing Alternatives, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated and combined statement of financial position as of December 31, 2020, and the related consolidated and combined statements of activities, functional revenues and expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 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 audit. We did not audit the financial statements of College Manor Associates, Inc., Oakhill Associates, Inc., Ridgeway Village Associates, Inc., Saginaw Village Associates, Inc., Sunnyslope Manor Associates, Inc., Oak Associates, LP, Rosemont Senior Housing Associates, LP, and Rosemont Town Homes Associates, LP, Foster Townhomes, LP, Weidler Renewal, LP, River Glen Renewal Associates, LLC, (Other Subsidiaries), which statements reflect total assets of \$21,876,860 as of December 31, 2020 and total support and revenues of \$4,723,746 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Other Subsidiaries, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Northwest Housing Alternatives, Inc. and Subsidiaries as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Northwest Housing Alternatives, Inc. and Subsidiaries

**Other Matters**

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

**Other Reporting Requirement by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of Northwest Housing Alternatives, Inc. and Subsidiaries' 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 Northwest Housing Alternatives, Inc. and Subsidiaries' 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 Northwest Housing Alternatives, Inc. and Subsidiaries' internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited the Northwest Housing Alternatives, Inc. and Subsidiaries' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 31 - 38 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Portland, Oregon  
June 30, 2021

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**

(With Comparative Totals as of December 31, 2019)

| ASSETS  | 2020                 | 2019                 |
|---|----------------------|----------------------|
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 6,024,603         | \$ 5,548,031         |
| Tenant and other receivables  | 255,888              | 324,656              |
| Investments (Note S)  | 2,162,716            | 2,330,415            |
| Grant, pledges and contract payments receivable                               | 679,225              | 275,851              |
| Prepaid expenses and deferred charges   | 280,389              | 204,287              |
| Investment in other property (Notes H)  | -                    | 6,448,070            |
| Current fees receivable from affiliated organization (Note D)                 | 5,250,668            | 1,214,216            |
| Current notes receivable from affiliated organization (Note E)                | 68,828               | 103,198              |
| <b>Total current assets</b>   | <b>14,722,317</b>    | <b>16,448,724</b>    |
| Investments in affiliated organizations (Note F)                              | 3,429,977            | 2,865,670            |
| Required deposits and funded reserves (Note G)                                | 3,069,462            | 3,371,505            |
| Long-term fees receivable from affiliated organizations (Note D)              | 1,441,208            | 1,276,608            |
| Notes receivable from affiliated organizations (Note E)                       | 660,701              | 389,658              |
| Land, buildings, and equipment (Note I)                                       | 44,372,706           | 39,666,532           |
| <b>Total assets</b>   | <b>\$ 67,696,371</b> | <b>\$ 64,018,697</b> |
| <b>LIABILITIES AND NET ASSETS</b>   |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable and accrued expenses   | \$ 1,011,647         | \$ 846,417           |
| Construction payable  | 6,351                | 238,732              |
| Accrued payroll and related expenses  | 198,543              | 126,426              |
| Current portion of long-term debt (Note J)                                    | 4,411,854            | 2,750,453            |
| Refundable advances   | 1,009,388            | 820,689              |
| <b>Total current liabilities</b>  | <b>6,637,783</b>     | <b>4,782,717</b>     |
| Funds held on behalf of others  | 187,813              | 175,957              |
| Long-term interest payable (Note J)   | 1,200,761            | 1,049,948            |
| Long-term debt, less current portion (Note J)                                 | 26,569,780           | 25,437,470           |
| <b>Total liabilities</b>  | <b>\$ 34,596,137</b> | <b>\$ 31,446,092</b> |
| <b>Net assets</b>   |                      |                      |
| Without donor restrictions  |                      |                      |
| Available for general operations and programs                                 | 6,277,363            | 1,801,707            |
| Designated by Board (Note L)  | 6,642,653            | 6,485,978            |
| Required deposits and funded reserves (Note G)                                | 3,069,462            | 3,371,505            |
| Net investment in capital assets, other property and affiliated organizations | 16,821,049           | 20,792,349           |
| <b>Total without donor restrictions</b>                                       | <b>32,810,527</b>    | <b>32,451,539</b>    |
| With donor restrictions   | 289,707              | 121,066              |
| <b>Total net assets</b>   | <b>33,100,234</b>    | <b>32,572,605</b>    |
| <b>Total liabilities and net assets</b>                                       | <b>\$ 67,696,371</b> | <b>\$ 64,018,697</b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2020**  
(With Comparative Totals for the Year Ended December 31, 2019)

|   | Without Donor               |                          | With Donor                  |                             |
|---|-----------------------------|--------------------------|-----------------------------|-----------------------------|
|   | Restrictions                | Restrictions             | Total                       |                             |
|   | 2020                        | 2019                     | 2020                        | 2019                        |
| <b>Operating revenues, gains and other support:</b>                         |                             |                          |                             |                             |
| Government grants and contracts   | \$ 2,094,312                | \$ -                     | \$ 2,094,312                | \$ 1,992,701                |
| Private grants and contributions  | 182,390                     | 523,773                  | 706,163                     | 684,009                     |
| Special events, net of direct costs of \$4,912 in 2020 and \$54,609 in 2019 | 154,423                     | -                        | 154,423                     | 169,829                     |
| In-kind contributions   | 24,694                      | -                        | 24,694                      | 54,987                      |
| Trust deed note installments forgiven                                       | 107,906                     | -                        | 107,906                     | 108,758                     |
| Rental income   | 6,084,080                   | -                        | 6,084,080                   | 5,245,559                   |
| Development fees from equity affiliates                                     | 5,228,380                   | -                        | 5,228,380                   | 1,342,500                   |
| Consulting and asset management fees  | 424,500                     | -                        | 424,500                     | 382,361                     |
| Resident service fees   | 398,304                     | -                        | 398,304                     | 317,870                     |
| Interest income from affiliates   | 966,965                     | -                        | 966,965                     | 828,376                     |
| Investment income   | 316,998                     | -                        | 316,998                     | 439,886                     |
| Change in equity interest in affiliated organizations                       | 120,939                     | -                        | 120,939                     | 347,322                     |
| Other   | 67,602                      | -                        | 67,602                      | 150,711                     |
|   | <u>16,171,493</u>           | <u>523,773</u>           | <u>16,695,266</u>           | <u>12,064,869</u>           |
| Net assets released from restrictions for operating purposes                | 355,132                     | (355,132)                | -                           | -                           |
| <b>Total operating revenues, gains, and other support</b>                   | <b><u>16,526,625</u></b>    | <b><u>168,641</u></b>    | <b><u>16,695,266</u></b>    | <b><u>12,064,869</u></b>    |
| <b>Expenses</b>   |                             |                          |                             |                             |
| Program services  |                             |                          |                             |                             |
| Homeless intervention services  | 2,338,745                   | -                        | 2,338,745                   | 1,889,382                   |
| Group homes   | 1,170,999                   | -                        | 1,170,999                   | 1,204,272                   |
| Housing development and advocacy  | 1,558,608                   | -                        | 1,558,608                   | 1,288,425                   |
| Asset management  | 740,267                     | -                        | 740,267                     | 664,344                     |
| Resident services   | 1,310,316                   | -                        | 1,310,316                   | 856,309                     |
| Consolidated housing subsidiaries   | 5,547,988                   | -                        | 5,547,988                   | 4,570,683                   |
| <b>Total program services</b>   | <b><u>12,666,923</u></b>    | <b><u>-</u></b>          | <b><u>12,666,923</u></b>    | <b><u>10,473,415</u></b>    |
| Supporting services   |                             |                          |                             |                             |
| Management and general  | 296,561                     | -                        | 296,561                     | 481,705                     |
| Fundraising   | 504,596                     | -                        | 504,596                     | 436,984                     |
| <b>Total expenses</b>   | <b><u>13,468,080</u></b>    | <b><u>-</u></b>          | <b><u>13,468,080</u></b>    | <b><u>11,392,104</u></b>    |
| <b>Increase (decrease) in net assets before non-operating activities</b>    | <b><u>3,058,545</u></b>     | <b><u>168,641</u></b>    | <b><u>3,227,186</u></b>     | <b><u>672,765</u></b>       |
| <b>Non-operating activities:</b>  |                             |                          |                             |                             |
| Capital grants received for the acquisition of property                     | 1,815,211                   | -                        | 1,815,211                   | -                           |
| Capital assets sales gain/loss  | (986,190)                   | -                        | (986,190)                   | -                           |
| Owner distributions from affiliate organizations                            | 225,513                     | -                        | 225,513                     | -                           |
| Campus capital campaign contributions                                       | -                           | -                        | -                           | 348,175                     |
| Provision for the non-collection of loans to affiliated organizations       | (1,281,686)                 | -                        | (1,281,686)                 | -                           |
| Assignment of equity interest in limited partnership to NHA                 | 605,733                     | -                        | 605,733                     | -                           |
| Other non-operating grants and transfers                                    | 147,856                     | -                        | 147,856                     | -                           |
| Sale of investment in other property loss (Note H)                          | (3,225,994)                 | -                        | (3,225,994)                 | -                           |
| Non-operating grants related to other property (Note H)                     | -                           | -                        | -                           | 3,150,000                   |
| <b>Total non-operating activities</b>                                       | <b><u>(2,699,557)</u></b>   | <b><u>-</u></b>          | <b><u>(2,699,557)</u></b>   | <b><u>3,498,175</u></b>     |
| <b>Increase (decrease) in net assets</b>                                    | <b>358,988</b>              | <b>168,641</b>           | <b>527,629</b>              | <b>4,170,940</b>            |
| Net assets at beginning of year   | 32,451,539                  | 121,066                  | 32,572,605                  | 28,386,665                  |
| Equity contribution   | -                           | -                        | -                           | 15,000                      |
| <b>Net assets at end of year</b>  | <b><u>\$ 32,810,527</u></b> | <b><u>\$ 289,707</u></b> | <b><u>\$ 33,100,234</u></b> | <b><u>\$ 32,572,605</u></b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**Year Ended December 31, 2020**  
(With Comparative Totals for the Year Ended December 31, 2019)

|   | PROGRAM SERVICES                                    |                   |  |                     |                      |   | SUPPORTING SERVICES |                           |                  | Total              |                     |
|---|---|-------------------|--|---------------------|----------------------|---|---------------------|---------------------------|------------------|--------------------|---------------------|
|   | Homeless<br>Intervention<br>Services                | Group<br>Homes    | Housing<br>Development<br>and Advocacy | Asset<br>Management | Resident<br>Services | Consolidated<br>Housing<br>Subsidiaries | Total               | Management<br>and General | Fundraising      | 2020               | 2019                |
|   | <b>Operating revenues, gains and other support:</b> |                   |  |                     |                      |   |                     |                           |                  |                    |                     |
| Government grants and contracts                                       | \$ 1,463,030  | \$ 494,043        | \$ -                                   | \$ -                | \$ 25,000            | \$ -                                    | \$ 1,982,073        | \$ 10,000                 | \$ 102,239       | \$ 2,094,312       | \$ 1,992,701        |
| Private grants and contributions                                      | 128,063   | 100               | 172,256                                | 857                 | 289,970              | -                                       | 591,246             | 1,964                     | 112,955          | 706,165            | 684,009             |
| Special events, net of direct costs                                   | -   | -                 | -                                      | -                   | -                    | -                                       | -                   | -                         | 154,423          | 154,423            | 169,829             |
| In-kind contributions   | 16,141  | -                 | -                                      | -                   | 7,318                | -                                       | 23,459              | 855                       | 380              | 24,694             | 54,987              |
| Trust deed note installments forgiven                                 | -   | 107,906           | -                                      | -                   | -                    | -                                       | 107,906             | -                         | -                | 107,906            | 108,758             |
| Rental income   | -   | 943,251           | -                                      | -                   | -                    | 5,140,817                               | 6,084,068           | 12                        | -                | 6,084,080          | 5,245,559           |
| Development fees from equity affiliates                               | -   | -                 | 5,228,380                              | -                   | -                    | -                                       | 5,228,380           | -                         | -                | 5,228,380          | 1,342,500           |
| Consulting and asset management fees                                  | -   | -                 | -                                      | 424,500             | -                    | -                                       | 424,500             | -                         | -                | 424,500            | 382,361             |
| Resident service fees   | -   | -                 | -                                      | -                   | 398,304              | -                                       | 398,304             | -                         | -                | 398,304            | 317,870             |
| Interest income from affiliates                                       | -   | -                 | 826,797                                | 4,440               | -                    | 135,727                                 | 966,964             | -                         | -                | 966,964            | 828,376             |
| Investment income   | -   | 199               | 3,843                                  | -                   | -                    | 1,734                                   | 5,776               | 311,221                   | -                | 316,997            | 439,887             |
| Change in equity interest in affiliated organizations                 | -   | -                 | 26,451                                 | -                   | -                    | 94,488                                  | 120,939             | -                         | -                | 120,939            | 347,322             |
| Other   | 60  | 697               | 910                                    | 1,164               | -                    | 56,583                                  | 59,414              | 8,188                     | -                | 67,602             | 150,711             |
| <b>Total revenues</b>   | <b>1,607,294</b>                                    | <b>1,546,196</b>  | <b>6,258,637</b>                       | <b>430,961</b>      | <b>720,592</b>       | <b>5,429,349</b>                        | <b>15,993,029</b>   | <b>332,240</b>            | <b>369,997</b>   | <b>16,695,266</b>  | <b>12,064,870</b>   |
| <b>Expenses:</b>  |   |                   |  |                     |                      |   |                     |                           |                  |                    |                     |
| Personnel   | \$ 773,007  | \$ 101,084        | \$ 702,843                             | \$ 449,781          | \$ 729,246           | \$ -                                    | \$ 2,755,961        | \$ 919,163                | \$ 340,697       | \$ 4,015,821       | \$ 3,253,983        |
| Professional services   | 97,550  | 16,018            | 4,583                                  | 3,788               | 51,142               | -                                       | 173,081             | 99,234                    | 6,374            | 278,689            | 277,659             |
| Overhead  | 41,200  | 1,927             | 36,540                                 | 70,437              | 88,931               | -                                       | 239,035             | 87,180                    | 23,458           | 349,673            | 294,552             |
| Occupancy   | 53,018  | 887               | 7,479                                  | 5,080               | 8,055                | -                                       | 74,519              | 13,613                    | 4,004            | 92,136             | 148,133             |
| Fleet   | 2,956   | -                 | -                                      | 565                 | 428                  | -                                       | 3,949               | -                         | -                | 3,949              | 5,858               |
| Interest and accrued fees allowances                                  | -   | -                 | 539,740                                | 43,293              | -                    | -                                       | 583,033             | -                         | -                | 583,033            | 595,197             |
| Program costs   | 31,860  | 1,547             | 48,268                                 | 1,086               | 24,943               | -                                       | 107,704             | 12,191                    | 12,911           | 132,806            | 186,642             |
| Direct Assistance   | 867,034   | 1,493             | 1,524                                  | 4,759               | 85,379               | -                                       | 960,189             | 10,204                    | 637              | 971,030            | 878,813             |
| Property costs - rentals  | -   | 438,831           | -                                      | -                   | -                    | 3,123,131                               | 3,561,962           | -                         | -                | 3,561,962          | 3,554,539           |
| Interest  | 28,841  | 85,887            | 29,226                                 | 19,850              | 31,477               | 889,057                                 | 1,084,338           | 53,196                    | 15,647           | 1,153,181          | 544,268             |
| Depreciation and amortization   | 134,446   | 504,003           | 25,473                                 | 30,966              | 34,301               | 1,535,800                               | 2,264,989           | 47,173                    | 13,638           | 2,325,800          | 1,652,460           |
| <b>Total operating expenses</b>                                       | <b>2,029,912</b>                                    | <b>1,151,677</b>  | <b>1,395,676</b>                       | <b>629,605</b>      | <b>1,053,902</b>     | <b>5,547,988</b>                        | <b>11,808,760</b>   | <b>1,241,954</b>          | <b>417,366</b>   | <b>13,468,080</b>  | <b>11,392,104</b>   |
| <b>Management and general expenses allocated</b>                      | <b>308,833</b>                                      | <b>19,322</b>     | <b>162,932</b>                         | <b>110,662</b>      | <b>256,414</b>       | <b>-</b>                                | <b>858,163</b>      | <b>(945,393)</b>          | <b>87,230</b>    | <b>-</b>           | <b>-</b>            |
| <b>Total operating expenses</b>                                       | <b>2,338,745</b>                                    | <b>1,170,999</b>  | <b>1,558,608</b>                       | <b>740,267</b>      | <b>1,310,316</b>     | <b>5,547,988</b>                        | <b>12,666,923</b>   | <b>296,561</b>            | <b>504,596</b>   | <b>13,468,080</b>  | <b>11,392,104</b>   |
| <b>Non-operating activities:</b>                                      |   |                   |  |                     |                      |   |                     |                           |                  |                    |                     |
| Capital grants received for the acquisition of property               | \$ -  | \$ -              | \$ 1,665,211                           | \$ -                | \$ -                 | \$ -                                    | \$ 1,665,211        | \$ -                      | \$ 150,000       | \$ 1,815,211       | \$ -                |
| Capital assets sales gain/loss  | -   | -                 | -                                      | -                   | -                    | (986,190)                               | (986,190)           | -                         | -                | (986,190)          | -                   |
| Owner distributions from affiliate organizations                      | -   | -                 | -                                      | 225,513             | -                    | -                                       | 225,513             | -                         | -                | 225,513            | -                   |
| Campus capital campaign contributions                                 | -   | -                 | -                                      | -                   | -                    | -                                       | -                   | -                         | -                | -                  | 348,175             |
| Provision for the non-collection of loans to affiliated organizations | -   | -                 | (1,281,686)                            | -                   | -                    | -                                       | (1,281,686)         | -                         | -                | (1,281,686)        | -                   |
| Assignment of equity interest in limited partnership to NHA           | -   | -                 | -                                      | -                   | -                    | 605,733                                 | 605,733             | -                         | -                | 605,733            | -                   |
| Other non-operating grants and transfers                              | -   | -                 | 147,856                                | -                   | -                    | -                                       | 147,856             | -                         | -                | 147,856            | -                   |
| Sale of investment in other property loss (Note H)                    | -   | -                 | -                                      | -                   | -                    | (3,225,994)                             | (3,225,994)         | -                         | -                | (3,225,994)        | -                   |
| Non-operating grants related to other property (Note H)               | -   | -                 | -                                      | -                   | -                    | -                                       | -                   | -                         | -                | -                  | 3,150,000           |
| <b>Total non-operating activities</b>                                 | <b>\$ -</b>   | <b>\$ -</b>       | <b>531,381</b>                         | <b>225,513</b>      | <b>\$ -</b>          | <b>(3,606,451)</b>                      | <b>(2,849,557)</b>  | <b>\$ -</b>               | <b>150,000</b>   | <b>(2,699,557)</b> | <b>3,498,175</b>    |
| <b>Income/(decrease) in net assets</b>                                | <b>\$ (731,451)</b>                                 | <b>\$ 375,197</b> | <b>\$ 5,231,410</b>                    | <b>\$ (83,793)</b>  | <b>\$ (589,724)</b>  | <b>\$ (3,725,090)</b>                   | <b>\$ 476,549</b>   | <b>\$ 35,679</b>          | <b>\$ 15,401</b> | <b>\$ 527,629</b>  | <b>\$ 4,170,941</b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2020**  
(With Comparative Totals for the Year Ended December 31, 2019)

|  | <b>2020</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>                                 |                     |                     |
| Cash received from tenants, contractors, grantors, and donors                | \$ 7,955,480        | \$ 10,571,869       |
| Cash received from development, management, and other fees                   | 1,850,132           | 2,208,065           |
| Cash received for interest   | 383,932             | 233,179             |
| Cash paid to employees and suppliers   | (8,719,428)         | (8,948,411)         |
| Cash paid for interest   | (1,153,181)         | (544,268)           |
| <b>Net cash provided by (used in) operating activities</b>                   | <b>316,935</b>      | <b>3,520,434</b>    |
| <b>Cash flows from investing activities:</b>                                 |                     |                     |
| Capital expenditures for acquisitions and<br>rehabilitations by subsidiaries | (390,361)           | (5,360,941)         |
| Capital expenditures for NHA acquisitions and rehabilitations                | (2,559,440)         | (5,106,019)         |
| Capital expenditures for investment in other property                        | -                   | (5,213,436)         |
| Proceeds from sale of land and predevelopment costs to affiliate             | -                   | 1,497,100           |
| Purchase of investments  | 484,696             | -                   |
| <i>Investing cash flows associated with affiliated organizations:</i>        |                     |                     |
| Investments in affiliated organizations                                      | (443,363)           | (2,008)             |
| Increase in cash resulting from consolidation of subsidiary                  | 477,049             | -                   |
| Owner distributions from affiliates  | 225,513             | -                   |
| <b>Net cash provided by (used in) investing activities</b>                   | <b>(2,205,906)</b>  | <b>(14,185,304)</b> |
| <b>Cash flows from financing activities:</b>                                 |                     |                     |
| Repayment of long-term debt  | (1,430,872)         | (1,000,863)         |
| Proceeds from issuance of debt   | 1,531,305           | 11,843,778          |
| Proceeds from capital grants restricted for property acquisition             | 1,963,067           | 3,150,000           |
| Proceeds from equity contribution  | -                   | 15,000              |
| <b>Net cash provided by (used in) financing activities</b>                   | <b>2,063,500</b>    | <b>14,007,915</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                  | <b>174,529</b>      | <b>3,343,045</b>    |
| Cash and cash equivalents at beginning of year                               | 8,919,536           | 5,576,491           |
| <b>Cash and cash equivalents at end of year</b>                              | <b>\$ 9,094,065</b> | <b>\$ 8,919,536</b> |
| <b>Supplementary disclosures of cash flow information:</b>                   |                     |                     |
| Cash and cash equivalents  | 6,024,603           | 5,548,031           |
| Cash restricted for funded reserves  | 3,069,462           | 3,371,505           |
|  | <b>\$ 9,094,065</b> | <b>\$ 8,919,536</b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**  
**December 31, 2020**

**NOTE A – DESCRIPTION OF ORGANIZATION**

**Organization**

Northwest Housing Alternatives, Inc. (“NHA”) is a nonprofit organization founded in 1982 to provide a wide range of affordable housing options for Oregonians who earn low incomes including families, seniors, and people with special needs. The organization has a portfolio that includes 98 properties with 2,114 units of housing in sixteen Oregon counties. NHA’s mission is to create opportunity through housing.

**Program Services**

During the year ended December 31, 2020, NHA provided services in the following major program areas:

**Homeless Intervention Services** – This department includes Annie Ross House, HomeBase, and Pathways.

**Annie Ross House** – The Annie Ross House provides shelter and services to Clackamas County families who are experiencing homelessness. The shelter served 42 families in 2020, and 76% of the households served by Annie Ross House moved directly from shelter into permanent housing.

**HomeBase** – This community-based program provides diversion from shelter and rapid rehousing services to households who are experiencing homelessness or at risk of homelessness in Clackamas County, Oregon. Until October 2019, HomeBase also provided eviction prevention services. The program has a staff of 2.0 FTE. In 2020, 63 households received diversion and rapid rehousing services through HomeBase.

**Pathways**- Pathways is a state-supported Rental Assistance Program which provides case management and housing support for individuals living with severe and persistent mental illness (SPMI) who are at risk of or currently experiencing homelessness. The Pathways program supports a caseload of 30 households at any given time. Pathways has a staff of 1.0 FTE and a contracted Peer Support position through Mental Health Associated of Oregon (MHAO).

**Property Development** – NHA is a leading developer of affordable rental communities and community facilities throughout Oregon. NHA combines federal, state, and local government programs with financing from banks, private investors, and charitable foundations in order to develop and preserve affordable housing. In 2020 NHA completed construction on 207 new apartment homes; began construction on the rehabilitation of 70 apartments; and secured funds to move 687 apartments forward in the development process.

**Asset Management** – NHA provides asset and partnership management to 39 multifamily properties totaling 1,848 units. The funding and regulatory requirements for these properties include LIHTC, HUD 202 & 811, HOME, CDBG, Oregon Housing Trust fund, and other sources. These properties provide affordable housing for the community and some properties provide specialized housing for individuals with chronic mental illness or in recovery from addictions. Our asset management insures the financial viability, physical longevity, and risk management of our multi-family assets.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)**

**Group Homes** – NHA owns and manages 57 group homes with a total of 258 units across Oregon. The group homes serve individuals living with developmental disabilities, chronic mental illness, and individuals in recovery. The homes are leased to licensed care providers.

**Resident Services** – NHA links residents of multi-family and senior properties across the state to services that keep them stable in their housing and connected to their community. Core services include eviction prevention, information and referral, and onsite programming targeted to a specific building’s population. In 2020, Resident Services responded to 7,149 requests for services, and coordinated 489 onsite events for NHA residents. 84% of residents maintained or improved their housing stability as a result of Resident Services interventions. Additionally, the department continued an Individual Development Account (IDA) program in partnership with CASA of Oregon. This program provides NHA residents with a matched savings account that can then be used to fund post-secondary education, purchase of their first home, start of a retirement savings account, or purchase of a vehicle.

**Advocacy and Public Policy** – NHA seeks to advance the importance of affordable housing in the public policy sphere and works to promote anti-racism across all aspects of our work.

**Consolidated Housing Subsidiaries** – NHA creates and maintains attractive, affordable, and financially healthy rental housing. This section summarizes the operations of the consolidated entities including five LIHPRHA projects, five former LIHTC properties, and four entities formed to hold or develop new projects.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Basis of Consolidation**

The accompanying financial statements include all accounts and activities of NHA, including all wholly-owned and majority-owned subsidiaries, joint ventures and partnerships, and all nonprofit organizations in which NHA has a controlling financial and economic interest.

**Basis of Consolidation**

Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA) – Non-Profit Organizations  
– Projects organized and operated under Section 236 of the National Housing Act:

- College Manor Associates, Inc. through March 2020
- Oakhill Associates, Inc.
- Ridgeway Village Associates, Inc.
- Saginaw Village Associates, Inc.
- Sunnyslope Manor Associates, Inc. through March 2020

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Consolidation (Continued)**

Wholly-owned LIHTC – Projects organized under Section 42 of the Internal Revenue Code where NHA has acquired the limited partners' interests:

- Foster Townhomes, LP (as of February 2020)
- Oak Associates, LP
- Rosemont Senior Housing Associates, LP
- Rosemont Town Homes Associates, LP
- Weidler Renewal, LP (as of December 31, 2020)

Single Member LLC's– Entities formed to hold or develop new low-income housing and other organizational assets:

- Blanton Street Housing GP, LLC
- Ever Onward Campus 2018, LLC (Amounts included in NHA reporting columns)
- Ontario Acquisition, LLC
- Pleasant Street Housing, LLC through June 2020
- River Glen Renewal Associates, LLC

General Partners – 27 entities organized under the laws of the State of Oregon to invest in low income housing projects:

- |                                       |   |
|---------------------------------------|---|
| • 333 Associates, LLC                 | • Quimby GP, LLC                                  |
| • 333 Interim, LLC                    | • Rosemont Renewal, LLC                           |
| • Alma GP, LLC                        | • Rosemont Town Home Renewal, LLC                 |
| • Autumn Park GP, LLC                 | • Seneca Terrace GP, LLC                          |
| • Charleston GP, LLC                  | • Siuslaw Dunes Acquisition, LLC                  |
| • Creekside GP, LLC                   | • Spring Renewal GP, LLC                          |
| • Foster GP, LLC (February 2020)      | • SunCo GP, LLC (April 2020)                      |
| • Foster Townhomes Renewal, LLC       | • Upshur GP, LLC                                  |
| • The Headwaters GP, LLC              | • Victorian Mayfield GP, LLC                      |
| • Hawthorne Renewal GP, LLC           | • Villa St. Rose Management, LLC                  |
| • Hermiston Housing GP, LLC           | • Weidler Commons Renewal, LLC<br>(December 2020) |
| • Hollyfield Village Acquisition, LLC | • Weidler Renewal GP, LLC                         |
| • Ikoi So Terrace GP, LLC             | • Willard Street Redevelopment, LLC               |
| • Oakridge GP, LLC                    |   |

Investments in affiliated organizations in which NHA has significant ownership interests, and where the organization exercises significant influence over the operating and financial policies of the affiliate, are accounted for using the equity method. The equity method of accounting is also followed for other investments in limited partnerships for which NHA serves as sponsor and general partner, and in which it holds an equity interest. NHA's share of affiliate earnings is included in the consolidated statement of activities. See Note C for a summary of NHA's investments in affiliated organizations.

All significant inter-organizational investments, accounts, and transactions have been eliminated.

NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2020

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Contributions**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

**Contributions of Long-Lived Assets**

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as increases in net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as increases in net assets with donor restrictions; the restrictions are considered to be released when the donor stipulations as noted in the gift instrument have been met.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**In-Kind Contributions**

A number of unpaid volunteers have made significant contributions of their time to develop and implement the Organization's programs. In accordance with FASB ASC No. 958-605, significant services received which create or enhance a nonfinancial asset or require specialized skills that the Organization would have purchased if not donated are recognized in the consolidated statement of activities. During the year ended December 31, 2020, there were no contributed services.

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Organization's activities. During the year ended December 31, 2020, \$24,694 of contributed property, equipment, and materials were recorded.

**Cash and Cash Equivalents**

For purposes of the financial statements, the Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

**Investments**

Investments are carried at fair value. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned, and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

**Capital Assets and Depreciation**

Land, buildings, and equipment are carried at cost, and initially at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 to 40 years for buildings and improvements, 5 years for automobiles, and 3 to 5 years for furnishings and equipment. Expenditures of less than \$5,000 for maintenance, repairs and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major equipment replacements and repairs of \$2,000 or more are capitalized.

**Refundable Advances**

- **Cost Reimbursement Grants**

Refundable advances result from conditional grant payments received prior to the incurrence of allowable grant expenditures, and are refundable to the grantor if not used for grant purposes.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Refundable Advances (Continued)**

- **Paycheck Protection Program Loan**

In response to the global economic impact caused by the coronavirus pandemic, the US Small Business Administration (SBA) created the Paycheck Protection Program (PPP) “forgivable loan” to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. The loans are funded by the SBA through participating banks and are subject to specific conditions, which if met, will result in forgiveness of all or part of the loan. The Organization qualified for and received a PPP loan for \$383,907 on April 21, 2020. The terms of the PPP loan include interest at 1% and maturity on April 21, 2022.

The Organization has concluded that although the legal form of the PPP is a loan, it believes the conditional criteria will be met and the SBA will approve its forgiveness application within the next fiscal year. Accordingly, the PPP loan represents, in substance, a conditional grant and has therefore been recorded as a refundable advance under the accounting guidance of ASC 958-605.

**Conditional Promises to Give**

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or has met the performance requirements. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has cost-reimbursable grants of \$5,375,615 that have not been recognized at December 31, 2020, because performance requirements and/or qualifying expenditures have not yet been incurred. Approximately \$4.5 million of this amount is related to property activity and the remaining amount is related to cost reimbursement services.

**Development Properties**

Properties acquired and held for development are recorded at acquisition cost, plus all costs associated with repair and rehabilitation of the property and other amounts incurred to make the properties ready for their intended use. In addition, certain indirect costs associated with the acquisition of properties are capitalized and allocated to the properties to which the costs relate, including interest expense which is capitalized in accordance with FASB ASC No. 835-20, Capitalization of Interest. During the year ended December 31, 2020, capitalized interest costs were immaterial. Costs incurred for such items after the property has been substantially completed and made ready for its intended use, and indirect costs that do not relate to the property acquired, including general and administrative expenses, are charged to expense as incurred. Depreciation is recorded on all completed and occupied properties.

**Revenue Recognition**

Revenue streams applicable to the Organization that qualify as exchange transactions with “customers” (primarily rental income, development fees, and other service fees) are recognized at a single point upon receipt when all risks and rewards transfer, or in the case of development fees, when contractual milestones are reached. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization’s performance obligations are satisfied.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

NHA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the Organization has been recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code. Single member LLCs wholly-owned by NHA are treated, for tax purposes, as disregarded entities, with the exception of Upshur GP, LLC and Hollyfield Village Acquisition, LLC, which have elected to be treated as corporations.

**Limitations on Certain Unrestricted Net Assets**

A certain portion of the Organization's net assets without donor restrictions is limited by contract to use within the affiliate from which it was generated. In these cases, surplus funds are neither refundable nor payable to the contractor, but are generally limited to providing an extension or continuation of specific program services. In addition, and despite the control that NHA exercises over organization affiliates, the net assets of affiliates are not generally available to the parent organization due to restrictions that have been imposed by external grantors and contractors.

**Concentrations of Credit Risk**

The Organization's financial instruments consist primarily of cash equivalents, certificates of deposit, and money market funds, which may subject the Organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 per depositor, per insured bank. At December 31, 2020, uninsured cash balances totaled \$4,342,864.

Certain receivables may also, from time to time, subject the Organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the Organization's management evaluates the financial condition of its customers and donors, and monitors. Concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. An allowance for uncollectible receivables is provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and the nature of the fundraising activity.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Expenses are charged to programs based on direct expenditures incurred. Personnel cost is allocated to programs or supporting services based on the estimated time spent on each. Support costs are allocated to programs based on the proportion of direct salary costs to total costs.

**Operating Results**

Operating results reported in the statement of activities reflect all transactions that change net assets, except for capital grants received for the acquisition of property, bad debt expenses associated with notes to affiliates for capital purposes, transfers of equity interests, gains and losses on the sale or disposal of assets, and losses on the impairment of property.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2020

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prior Year Summarized Financial Information**

The accompanying financial information as of and for the year ended December 31, 2019 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

**Other Significant Accounting Policies**

Other significant accounting policies are set forth in the financial statements and the following notes.

**NOTE C – AFFILIATED ORGANIZATIONS**

NHA is affiliated with the following organizations directly as General Partner, or indirectly through its Disregarded Entity which is the General Partner, and shares in residual profits and losses to the extent of their ownership percentage:

*Direct Ownership:*

| <u>Organization</u>        | <u>Ownership %</u> |
|----------------------------|--------------------|
| Cottonwood I Renewal, LLC  | 0.01%              |
| Cottonwood II Renewal, LLC | 0.01%              |
| Roselyn Renewal, LLC       | 0.01%              |
| Trenton Terrace, LP        | 0.01%              |

*Indirect Ownership:*

| <u>Organization</u>                      | <u>Disregarded Entity</u>           | <u>Ownership %</u> |
|--|-------------------------------------|--------------------|
| Alma Gardens, LP                         | Alma Gardens GP, LLC                | 0.01%              |
| Autumn Park Renewal, LP                  | Autumn Park GP, LLC                 | 0.01%              |
| Charleston, LP                           | Charleston GP, LLC                  | 0.01%              |
| Creeside Woods, LP                       | Creeside GP, LLC                    | 0.01%              |
| Hawthorne Renewal, LP                    | Hawthorne Renewal GP, LLC           | 0.01%              |
| Hermiston Gateway Affordable Housing, LP | Gateway Affordable Housing GP, LLC  | 0.01%              |
| Hollyfield Village Apartments, LP        | Hollyfield Village Acquisition, LLC | 0.01%              |
| Ikoi So Terrace Renewal, LP              | Ikoi So Terrace GP, LLC             | 0.01%              |
| NHA Campus Redevelopment, LP             | Willard Street Redevelopment, LLC   | 0.01%              |
| Oakridge Park, LP                        | Oakridge GP, LLC                    | 0.01%              |
| Quimby Housing, LP                       | Quimby GP, LLC                      | 0.01%              |
| Seneca Terrace Renewal, LP               | Seneca Terrace GP, LLC              | 0.01%              |
| Siuslaw Dunes Renewal, LP                | Siuslaw Dunes Acquisition, LLC      | 0.01%              |
| Spring Housing, LP                       | Spring Renewal GP, LLC              | 0.01%              |
| SunCo, LP                                | SunCo GP, LLC                       | 0.01%              |
| Upshur Renewal Housing, LP               | Upshur GP, LLC                      | 0.01%              |
| Victorian Mayfield Revitalization, LP    | Victorian Mayfield GP, LLC          | 0.01%              |
| Village at the Headwaters, LP            | The Headwaters GP, LLC              | 0.01%              |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE C – AFFILIATED ORGANIZATIONS (CONTINUED)**

*Other Interests:*

**Other Projects** – NHA also is the sponsor of the Fisher Ridge and Meadowlark projects.

Summarized revenues, net of allowances and discounts, resulting from the relationships and transactions described above for the year ended December 31, 2020 are as follows:

|                       |                     |
|-----------------------|---------------------|
| Revenues:             |                     |
| Development fees      | \$ 5,228,380        |
| Asset management fees | 424,500             |
| Resident service fees | 398,304             |
| Interest income       | <u>966,965</u>      |
|                       | <u>\$ 7,018,149</u> |

Related-party interest income is generated by notes receivable and development fees receivable due from affiliated organizations (also see Notes D and E).

**NOTE D – FEES RECEIVABLE FROM AFFILIATED ORGANIZATIONS**

At December 31, 2020, amounts due from affiliates for development fees, asset management fees, and resident services fees, net of \$1,053,765 in allowances for non-collection, consist of the following:

|   | Development<br>Fees | Asset<br>Management<br>Fees | Resident<br>Service Fees | Allowance          | Total               |
|---|---------------------|-----------------------------|--------------------------|--------------------|---------------------|
| <i>Current:</i>                             |                     |                             |                          |                    |                     |
| Alma Gardens, LP                            | \$ -                | \$ 25,000                   | \$ -                     | \$ -               | \$ 25,000           |
| Autumn Park Renewal, LP                     | -                   | -                           | 32,835                   | -                  | 32,835              |
| Charleston, LP                              | -                   | -                           | 9,408                    | -                  | 9,408               |
| Creekside Woods, LP                         | -                   | -                           | 47                       | -                  | 47                  |
| Gateway Hermison Affordable Housing, LP [A] | 3,065,557           | -                           | 62,100                   | -                  | 3,127,657           |
| Hawthorne Renewal, LP                       | -                   | 27,154                      | 15,954                   | -                  | 43,108              |
| Hollyfield Village Apartments, LP           | -                   | 71,219                      | -                        | (47,378)           | 23,841              |
| Ikoi So Terrace Renewal, LP [B]             | 119,289             | -                           | 3,095                    | -                  | 122,384             |
| NHA Campus Redevelopment, LP [C]            | 20,000              | -                           | -                        | -                  | 20,000              |
| Oakridge Park, LP                           | -                   | 11,401                      | -                        | -                  | 11,401              |
| Quimby Housing, LP                          | -                   | 6,720                       | -                        | -                  | 6,720               |
| Roselyn Renewal, LLC                        | -                   | 23,728                      | -                        | -                  | 23,728              |
| Seneca Terrace Renewal, LP [D]              | 32,760              | -                           | -                        | -                  | 32,760              |
| Siuslaw Dunes Renewal, LP                   | -                   | 26,823                      | -                        | -                  | 26,823              |
| Spring Housing, LP                          | -                   | 12,668                      | -                        | -                  | 12,668              |
| SunCo, LP [E]                               | 1,592,985           | 9,376                       | 18,375                   | -                  | 1,620,736           |
| Trenton Terrace, LP                         | -                   | 20,559                      | -                        | -                  | 20,559              |
| Upshur Renewal Housing, LP                  | -                   | 7,257                       | -                        | -                  | 7,257               |
| Village at the Headwaters, LP               | -                   | 54,370                      | 29,366                   | -                  | 83,736              |
|   | <u>\$ 4,830,591</u> | <u>\$ 296,275</u>           | <u>\$ 171,180</u>        | <u>\$ (47,378)</u> | <u>\$ 5,250,668</u> |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE D – FEES RECEIVABLE FROM AFFILIATED ORGANIZATIONS (CONTINUED)**

|  | Development<br>Fees | Asset<br>Management<br>Fees | Resident<br>Service Fees | Allowance             | Total               |
|--|---------------------|-----------------------------|--------------------------|-----------------------|---------------------|
| <i>Long-term:</i>                            |                     |                             |                          |                       |                     |
| Autumn Park Renewal, LP                      | -                   | 598,667                     | -                        | (592,693)             | 5,974               |
| Cottonwood 1 Renewal, LLC                    | -                   | 5,810                       | 5,810                    | (2,862)               | 8,758               |
| Cottonwood 2 Renewal, LLC                    | -                   | 9,366                       | 9,366                    | (6,152)               | 12,580              |
| Creekside Woods, LP                          | -                   | 100,000                     | -                        | (100,000)             | -                   |
| Gateway Hermiston Affordable Housing, LP [A] | -                   | 15,000                      | -                        | -                     | 15,000              |
| Ikoï So Terrace Renewal, LP [B]              | 201,385             | 62,184                      | -                        | (39,336)              | 224,233             |
| NHA Campus Redevelopment, LP [C]             | 45,160              | 19,894                      | -                        | -                     | 65,054              |
| Seneca Terrace Renewal, LP [D]               | 458,670             | -                           | -                        | (222,559)             | 236,111             |
| Siuslaw Dunes Renewal, LP                    | -                   | 3,028                       | -                        | -                     | 3,028               |
| SunCo, LP [E]                                | 350,645             | -                           | -                        | -                     | 350,645             |
| Victorian Mayfield Revitalization, LP [F]    | 505,935             | -                           | -                        | -                     | 505,935             |
| Village at the Headwaters, LP                | -                   | 44,639                      | 12,036                   | (42,785)              | 13,890              |
|  | <u>\$ 1,561,795</u> | <u>\$ 858,588</u>           | <u>\$ 27,212</u>         | <u>\$ (1,006,387)</u> | <u>\$ 1,441,208</u> |

[A] In 2019, NHA entered into a development services agreement (DSA) with Gateway Hermiston Affordable Housing, LP. In consideration of the services provided, NHA is entitled to \$4,050,000 in development fees generated by the project to be recognized in specific percentages of the total fee based on milestones set out in the Developer Agreement. At December 31, 2020, the project was 100% complete with NHA earning \$4,050,000. At December 31, 2020, Gateway Hermiston Affordable Housing, LP owed \$3,065,557 to NHA.

[B] In 2014, NHA entered into a DSA with Ikoï So Terrace Renewal, LP. In consideration of the services provided, NHA is entitled to \$700,000 in development fees generated by the project to be recognized based on the percentage completed each year. At December 31, 2016, the project was 100% complete with NHA earning \$700,000. At December 31, 2020, Ikoï So Terrace Renewal, LP owed \$320,674 to NHA.

[C] In 2018, NHA entered into a DSA WITH NHA Campus Redevelopment, LP. In consideration of the services provided, NHA is entitled to \$1,100,000 in development fees generated by the project to be recognized in specific percentages of the total fee based on milestones set out in the Developer Agreement. At December 31, 2019, the project was complete with NHA earning the \$1,100,000 fee. At December 31, 2020, NHA Campus Redevelopment, LP owed \$65,160 to NHA.

[D] In 2010, NHA entered into a DSA with Seneca Terrace Renewal, LP. In consideration of the services provided, NHA earned the full \$625,000 in development fees in 2010. This receivable earns 8% simple interest on the unpaid portion. The accrued interest has been fully reserved. At December 31, 2020, Seneca Terrace Renewal, LP owed \$268,871 to NHA.

[E] In 2020, NHA entered into a development services agreement (DSA) with SunCo, LP. In consideration of the services provided, NHA is entitled to \$2,874,100 in development fees generated by the project to be recognized in proportion to the percentage of completion of the construction of the project per the Developer Agreement. At December 31, 2020, the project was 68% complete with NHA earning \$2,131,040 of the total fee. At December 31, 2020, SunCo, LP owed \$1,943,630 to NHA.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE D – FEES RECEIVABLE FROM AFFILIATED ORGANIZATIONS (CONTINUED)**

[F] In 2017, NHA entered into a DSA with Victorian Mayfield Revitalization, LP. In consideration of the services provided, NHA is entitled to \$1,050,000 in development fees generated by the project to be recognized in specific percentages of the total fee based on milestones set out in the Developer Agreement. At December 31, 2019, the project was 100% complete with NHA earning \$1,050,000 of the total fee. At December 31, 2020, Victorian Mayfield Revitalization, LP owed \$505,935 to NHA, including \$35,037 accrued interest.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE E – NOTES RECEIVABLE FROM AFFILIATED ORGANIZATIONS**

Notes receivable from affiliates are financed by outside funders and are advanced to affiliate directly or through a disregarded entity. In the event of a default, all principal and interest are due immediately. NHA provides financing to its affiliated organizations for the development of affordable housing by the issuance of promissory notes. Given that the conditions precedent to repayment of the loans are unlikely to occur, NHA's management has elected to reserve amounts advanced, including accrued interest on the notes. In many cases, the full amount of the loan is reserved.

| Entity                                   | Year Financed | Interest At % | Payment Details  | Principal and Interest Due | Principal and Interest Balance | Allowance       | Net        |
|--|---------------|---------------|--|----------------------------|--------------------------------|-----------------|------------|
| Autumn Park Renewal, LP                  | 2004          | 0.00%         | Optional payments of principal.  | December 2044              | \$ 324,717                     | \$ (324,717)    | \$ -       |
| Gateway Hermiston Affordable Housing, LP | 2019          | 0.00%         | Payable solely from cash flow and/or capital proceeds  | December 2058              | 150,000                        | (150,000)       | -          |
| Gateway Hermiston Affordable Housing, LP | 2019          | 0.00%         | Payable solely from cash flow and/or capital proceeds  | December 2058              | 175,000                        | (31,475)        | 143,525    |
| Charleston, LP                           | 2008          | 0.00%         | No payments during the term of the loan are required.  | June 2049                  | 2,713,405                      | (2,502,187)     | 211,218    |
| Charleston, LP                           | 2008          | 0.00%         | Unpaid principal and interest due at maturity. Payable out of cash flow.                           | July 2048                  | 298,634                        | (298,634)       | -          |
| Cottonwood I Renewal, LLC                | 2009          | 0.00%         | Payable solely through gross revenue.  | December 2049              | 175,948                        | (175,948)       | -          |
| Cottonwood I Renewal, LLC                | 2016          | 0.00%         | Annual payments are subject to available cash flow. Unpaid principal and interest due at maturity. | January 2028               | 79,351                         | (79,351)        | -          |
| Cottonwood II Renewal, LLC               | 2009          | 0.00%         | Unpaid principal and interest due at maturity. Per note: Payable solely through gross revenue.     | December 2049              | 632,947                        | (632,947)       | -          |
| Cottonwood II Renewal, LLC               | 2017          | 0.00%         | Annual payments are subject to available cash flow. Unpaid principal and interest due at maturity. | January 2028               | 53,899                         | (53,899)        | -          |
| Creekside Woods, LP                      | 2009          | 0.00%         | Principal due at maturity subject to sufficient cash flow.   | February 2051              | 150,000                        | (150,000)       | -          |
| Creekside Woods, LP                      | 2009          | 0.00%         | Unpaid principal due at maturity.  | December 2065              | 5,405,461                      | (5,307,409)     | 98,052     |
| Hawthorne Renewal, LP                    | 2016          | 0.00%         | Annual payments are subject to available cash flow. Unpaid principal and interest due at maturity. | February 2056              | 360,469                        | (360,469)       | -          |
| Hollyfield Village Apartments, LP        | 2013          | 0.00%         | Unpaid principal due at maturity.  | April 2043                 | 613,642                        | (613,642)       | -          |
| Hollyfield Village Apartments, LP        | 2013          | 0.00%         | Annual payments in arrears subject to cash flow.   |                            | 50,533                         | (43,314)        | 7,219      |
| Ikoi So Terrace Renewal, LP              | 2014          | 0.00%         | Payable out of cash flow.  | December 2063              | 306,962                        | (268,064)       | 38,898     |
| NHA Campus Redevelopment 2018, LP        | 2018          | 0.00%         | Payable out of cash flow.  | December 2058              | 269,563                        | (269,563)       | -          |
| Oakridge Park, LP                        | 2010          | 0.00%         | No payments during the term of the loan are required.  | November 2066              | 6,084,436                      | (6,064,864)     | 19,572     |
| Quimby Housing, LP                       | 2010          | 0.00%         | Unpaid principal and interest due at maturity. Payable out of cash flow.                           | June 2040                  | 2,002,867                      | (1,867,903)     | 134,964    |
| Seneca Terrace Renewal, LP               | 2010          | 0.00%         | Payments are subject to available cash flows.  | June 2040                  | 819,358                        | (819,358)       | -          |
| Siuslaw Dunes Renewal, LP                | 2013          | 0.00%         | Payable out of cash flow.  | December 2063              | 1,498,554                      | (1,432,793)     | 65,761     |
| Siuslaw Dunes Renewal, LP                | 2013          | 0.00%         | Payable out of cash flow.  | December 2063              | 309,923                        | (309,923)       | -          |
| Siuslaw Dunes Renewal, LP                | 2014          | 0.00%         | Payable out of cash flow.  | December 2063              | 763,886                        | (763,886)       | -          |
| Spring Housing, LP                       | 2011          | 0.00%         | Payable out of cash flow.  | July 2066                  | 795,132                        | (788,032)       | 7,100      |
| Spring Housing, LP                       | 2011          | 0.00%         | Payable out of cash flow.  | July 2066                  | 1,174,529                      | (1,174,529)     | -          |
| SunCo, LP                                | 2020          | 0.50%         | Unpaid principal and interest due at maturity.   | 12/31/2060                 | 1,249,554                      | (1,249,554)     | -          |
| SunCo, LP                                | 2020          | 1.44%         | Unpaid principal and interest due at maturity.   | 12/31/2060                 | 2,794,275                      | (2,794,275)     | -          |
| Trenton Terrace, LP                      | 2006          | 0.00%         | P&I due monthly subject to sufficient cash flow.   | May 2047                   | 5,834,866                      | (5,834,866)     | -          |
| Victorian Mayfield Revitalization, LP    | 2017          | 0.00%         | Payments are subject to available cash flow. Unpaid principal and interest due at maturity.        | December 2059              | 4,259,230                      | (4,257,510)     | 1,720      |
| Village at the Headwaters, LP            | 2005          | 0.00%         | Unpaid principal and interest due at maturity.   | December 2048              | 240,979                        | (239,479)       | 1,500      |
|  |               |               |  |                            | \$ 39,588,120                  | \$ (38,858,591) | \$ 729,529 |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE F – INVESTMENTS IN AFFILIATED ORGANIZATIONS**

As noted in Note C, NHA is the sponsor and 0.01% interest general partner (either directly or indirectly through wholly-owned or nonprofit subsidiaries), of the following limited partnerships and limited liability corporations:

| <u>Ownership Entity</u>                  | <u>Investment</u>   | <u>Current-year<br/>Equity in Earnings<br/>(Losses) of<br/>Affiliates</u> |
|--|---------------------|---|
| Alma Gardens, LP                         | \$ 1,580            | \$ -  |
| Autumn Park Renewal, LP                  | 285,258             | -   |
| Cottonwood I Renewal, LLC                | 52,838              | (1)   |
| Cottonwood II Renewal, LLC               | 56,670              | (1)   |
| Creekside Woods, LP                      | 1,068,968           | 94,482  |
| Gateway Hermiston Affordable Housing, LP | 29,066              | 27,066  |
| Hollyfield Village Apartments, LP        | -                   | 6   |
| Ikoi So Terrace Renewal, LP              | 26,536              | (14)  |
| NHA Campus Redevelopment, LP             | 787,648             | (65)  |
| Quimby Housing, LP                       | 28,016              | (15)  |
| Roselyn Renewal, LLC                     | 22,701              | (1)   |
| Seneca Terrace Renewal, LP               | 698                 | -   |
| Siuslaw Dunes Renewal, LP                | 16,789              | (36)  |
| Spring Housing, LP                       | 15,430              | (17)  |
| SunCo, LP                                | 504,029             | 5   |
| Trenton Terrace, LP                      | 61,482              | (24)  |
| Upshur Renewal Housing, LP               | 1,232               | -   |
| Victorian Mayfield Revitalization, LP    | 347,307             | (272)   |
| Village at The Headwaters, LP            | 123,729             | (169)   |
|  | <u>\$ 3,429,977</u> | <u>\$ 120,944</u>   |

Each of the entities listed in the previous table was formed under the law of the State of Oregon for the purpose of rehabilitating, constructing, operating and/or investing in the LIHTC projects.

Summarized financial information for the limited partnerships and limited liability corporations at December 31, 2020 is as follows:

|                                  |                       |
|----------------------------------|-----------------------|
| Total assets                     | \$ <u>188,783,204</u> |
| Total liabilities                | <u>130,479,847</u>    |
| Net assets                       | <u>58,303,357</u>     |
| Total liabilities and net assets | \$ <u>188,783,204</u> |
| Net change in net assets         | \$ <u>(4,589,704)</u> |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE G – REQUIRED DEPOSITS AND FUNDED RESERVES**

In accordance with regulations promulgated by the U.S. Department of Housing and Urban Development (“HUD”) and the State of Oregon Housing and Community Services Department (“OHCS”), NHA maintains certain required cash reserves for the renewal and replacement of property, capital improvements, necessary insurance reserves, and etc. totaling \$3,069,462. These reserves may be used only upon the authorization of HUD or OHCS.

**NOTE H – INVESTMENT IN OTHER PROPERTY**

Investment in other property consisted of a 24 unit project in development for low-income veterans. The Organization entered into a development services agreement (DSA) with the Housing Authority of Clackamas County (HACC) to acquire, and develop the property, and obtain debt and grant financing for it. The DSA contains a 2-year option for HACC to purchase the project upon completion in exchange for assuming the debt and all requirements of the grantors. The option was exercised in June, 2020.

Upon exercise of the option, the Organization transferred the property and related obligations to HACC, and recognized a loss of approximately \$3,226,000 due to the net book value of \$4,055,000 the asset transferred exceeding the debt assumption amount provided for in the option agreement.

**NOTE I – LAND, BUILDINGS, AND EQUIPMENT**

A summary of land, buildings, and equipment at December 31, 2020 is as follows:

|                               |    |                          |
|-------------------------------|----|--------------------------|
| Buildings and improvements    | \$ | 63,052,103               |
| Land and improvements         |    | 8,839,931                |
| Furnishings and equipment     |    | 1,855,795                |
| Automobiles                   |    | 223,568                  |
| Pre-development               |    | 3,224,576                |
|                               |    | <u>77,195,973</u>        |
| Less accumulated depreciation |    | <u>(32,823,267)</u>      |
|                               | \$ | <u><u>44,372,706</u></u> |

In the above category, land and buildings, several housing projects funded by restricted grants and contracts are represented. In accordance with contract stipulations, these properties must remain available to eligible low-income households in accordance with the Low-Income Housing Preservation and Resident Homeownership Act. Failure to retain this housing exclusively for eligible low-income families and individuals could result in revocation of the grants and the return of all funds received, plus interest since the date of the first advance.

As of December 31, 2020, the Organization has complied with all asset restrictions referred to above, and also has the intention and ability to continue to comply with those restrictions. Accordingly, no associated liability has been recorded in the accompanying financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE I – LAND, BUILDINGS, AND EQUIPMENT (CONTINUED)**

NHA periodically reviews the carrying amount of capital assets, including projects under development, whenever events or circumstances provide evidence that suggests that the carrying amount may not be recoverable. NHA assesses the recoverability of the capital assets by comparing the estimated undiscounted cash flows associated with the related assets against their respective carrying amounts. If such assets are considered to be impaired in value, that is, when the carrying amount exceeds the fair value of those assets, the impairment is recognized as a charge in the consolidated statement of activities.

**NOTE J – LONG-TERM DEBT**

The acquisition and rehabilitation of the Organization's properties include costs financed through loans received from various parties. The following obligations, all secured by property (except as noted), were outstanding at December 31, 2020:

| <b>NHA</b>   | <b>Total</b> | <b>Current</b> |
|--|--------------|----------------|
| <b>Adult Foster Care Projects:</b>   |              |                |
| Trust deed notes payable to the Oregon Housing and Community Services Department, at 7.4%, due in monthly payments of \$2,354 through 2026.  | \$ 128,873   | \$ -           |
| <b>DD Group Homes:</b>   |              |                |
| First mortgages payable to the Oregon Housing and Community Services Department, at rates varying between 0.25% to 8.8%, due in monthly aggregate payments of \$19,087 through 2030.   | 700,061      | 184,188        |
| Non-interest bearing liens payable to the Mental Health and Developmental Disability Services Division of the State of Oregon, reduced monthly in the aggregate amount of \$8,775, as long as the properties continue to house qualifying tenants, through 2030.   | 490,178      | 98,460         |
| <b>Fieldstone:</b>   |              |                |
| Promissory note payable to the Office of Mental Health and Addiction Services of the State of Oregon, at 5.0%, with unpaid principal and interest due in December of 2058. On the maturity date, the terms of the note may be extended or forgiven if the property has continuously been used in accordance with the note agreement. | 351,759      | -              |
| <b>Hearthstone:</b>  |              |                |
| Promissory note payable to the Office of Mental Health and Addiction Services of the State of Oregon, at 5.0%, with unpaid principal and interest due in May of 2056. On the maturity date, the terms of the note may be extended or forgiven if the property has continuously been used in accordance with the note agreement.      | 374,000      | -              |
| Non-interest bearing liens payable to the Mental Health and Addiction Services Division of the State of Oregon, reduced annually in the amount of \$3,453, as long as the properties continue to house qualifying tenants, through 2036.   | 55,911       | 3,453          |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE J – LONG-TERM DEBT (CONTINUED)**

|  | <b>Total</b> | <b>Current</b> |
|--|--------------|----------------|
| <b>Molalla:</b>  |              |                |
| Two loans payable to Clackamas County, at 0% interest. The loans are repayable only if the property is sold or transferred, is changed from affordable housing status, or in the event of default.   | 67,090       | -              |
| <b>Pre-Development Loan for Various Affiliates:</b>  |              |                |
| EQ2 loans payable to Wells Fargo Community Development Corporation, at 2.0%, interest due quarterly, principal of \$62,500 due quarterly after reset date, unpaid principal and interest due quarterly, in December of 2023.   | 500,000      | -              |
| Mortgage note payable to Network for Oregon Affordable Housing (NOAH) up to \$475,000 with stated interest payable monthly at 4.00%. \$100,000 outstanding at year end. All principal and interest due October 2024.   | 100,000      | -              |
| Loan payable to Community Housing Fund, at 5.5%, up to available principal of \$750,000 and interest due in February 2022, unsecured.  | 88,971       | -              |
| Loans payable to Portland Housing Bureau, at 0.00%, principal of \$1,000,000 due in September 2021, secured.   | 1,000,000    | 1,000,000      |
| <b>Subsidiaries</b>  |              |                |
| <b>Blanton Street Housing, GP, LLC</b>   |              |                |
| Loan payable to Washington County of the State of Oregon at interest of 0.50%. Loan requires debt service only from available cash flow until maturity on June 30, 2048.   | 749,900      | 33,065         |
| Mortgage note payable to Network for Oregon Affordable Housing (NOAH) with stated interest at 5.50%. Monthly installments of \$12,150 based on 30-year amortization. The note matures June 2038.   | 2,064,757    | -              |
| <b>Ever Onward:</b>  |              |                |
| Construction loan payable to Heritage Bank up to \$4,400,000 (financed with bonds through the Oregon Facilities Authority SNAP Revenue Note, 2018 Series A, issued by the Authority.) Principal and interest payments are due monthly beginning October 2020. Current interest rate is 3.23% with 2 reset dates, September 1, 2028 and September 1, 2038. Reset rates will adjust to FHLB Rate at that date plus 2.5% margin multiplied by 0.8076. The loan matures September 2043. The loan is callable by both the lender and borrower at each reset date. | 4,372,663    | 135,432        |
| Less unamortized debt issuance costs on Heritage Bank loan   | (135,008)    |                |
|  | 4,237,655    |                |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE J – LONG-TERM DEBT (CONTINUED)**

|  | <u>Total</u>    | <u>Current</u> |
|--|-----------------|----------------|
| Foster Townhomes, LP:  |                 |                |
| Mortgage note payable to US Bank with monthly payments of \$17,159 with interest at 5.18%, refinance March 2021, see Note T.   | 2,118,622       | 2,118,622      |
| Note payable to the City of Portland requires semi-annual installments of \$3,120 with interest at 7.25%, and matures September 2024. Since 2015, the semi-annual payments of \$2,202 were made with an interest rate at approximately 4.6%.   | 10,905          | 10,905         |
| Effective November 29, 2012, Portland Development Commission approved combining two notes of \$250,000 and \$499,660 and reducing the interest rate from 3% to 0%. All outstanding principal and interest are due at maturity in October 2045. During 2013, the remaining accrued interest of \$11,190 was combined with the principal of the loan. Effective March 24, 2014, PHB consented to allow any excess cash flow to be used as payment on the NHA loan in priority to the PHB loan until that loan is paid in full. Following repayment of the NHA loan, payments of one half of available cash flow will be made on May first each year until the PHB note is retired. | 753,350         |                |
| Less unamortized debt issuance costs on PDC loan   | <u>(26,697)</u> |                |
|  | 726,653         |                |
| <b>Oak Associates, LP:</b>   |                 |                |
| Equity gap and Housing Development Subordinate loans payable to the Portland Housing Bureau at interest of 1.0% and 3.0%. Loans require debt service only from available cash flow until maturity on December 31, 2030. As of December 31, 2020, accrued interest payable was \$1,721.   | 191,002         | -              |
| Rehabilitation loan payable to the Portland Housing Bureau at interest of 0.25%. Payments are to be made from available cash flows. Balance due on June 1, 2049. As of December 31, 2020, accrued interest payable was \$34,026.   | 3,269,125       | -              |
| Mortgage note payable to the Oregon Housing and Community Services Department at interest of 5.35%. Due in monthly payments of \$19,033. Balance due in January of 2031. As of December 31, 2020, accrued interest payable was \$4,089, net of debt issuance costs of \$76,961.  | 1,776,828       | 136,646        |
| Less unamortized debt issuance costs on OHCS D loan  | <u>(76,961)</u> |                |
|  | 1,699,867       |                |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE J – LONG-TERM DEBT (CONTINUED)**

|  | <b>Total</b> | <b>Current</b> |
|--|--------------|----------------|
| <b>Ontario Acquisition LLC:</b>  |              |                |
| Mortgage note payable to Network for Oregon Affordable Housing (NOAH) with stated interest at 5.00%. Interest only payable quarterly. The note matured May 2021, and was paid off in June 2021 as part of the OAH limited Partnership transaction described in Note T.   | 450,000      | 450,000        |
| <b>River Glen Renewal Associates, LLC:</b>   |              |                |
| The Company has a mortgage note payable to Greystone Funding Corporation in the original amount of \$4,931,000. The note payable is insured by the Federal Housing Administration (FHA) of the HUD under Section 221(d)(4). The loan is amortized over 40 years and initial interest was charged at 4.74%. Monthly interest payments commenced February 1, 2019. Monthly payments to principal began April 1, 2020. Monthly payments to principal and interest was approximately \$22,934 through loan maturity on April 1, 2060. Pursuant to the terms set forth in Rider 3 to Note, the interest rate was changed to 3.4% effective October 1, 2020, with monthly interest and principal payments totaling \$18,845. The new maturity date is March 1, 2060. During the period, interest charged on the note totaled \$261,910. As of December 31, 2020, accrued interest totaled \$13,870. Substantially all rental property and equipment and escrows are pledged as collateral. | 4,896,613    | 89,116         |
| Less unamortized debt issuance costs on Greystone loan   | (281,186)    |                |
|  | 4,615,427    |                |
| The Company has a note payable to Clackamas County in the original of \$693,527. The note has a maturity date of January 2041. The loan shall be paid in full upon the earlier of maturity date, the sale, assignment or other transfer of title to the Project without the lender's written consent, or the date there is a default under any of the loan documents. No interest is charged on the note during the term of the note.  | 693,527      | -              |
| <b>Rosemont Senior Housing Associates, LP:</b>   |              |                |
| Mortgage note payable to Network for Oregon Affordable Housing (NOAH) with stated interest at 8.06% but effective interest varying from 4.06% due to allocation of Oregon Affordable Housing Tax Credits in connection with the note. Monthly installments of \$13,224 based on 30-year amortization. The note matures July 2032.  | 1,464,484    | 101,100        |
| Mortgage note payable to Portland Housing Bureau which was converted from a construction loan to a permanent loan in 2002. The note has simple interest of 3% but no fixed payments are required until January 2022, when all interest due on loan is added to principal and monthly payments will then be required. However, the borrower must make payments of excess cash flow as defined in the loan agreement. The note matures December 2051. As of December 31, 2020, accrued interest payable totaled \$1,011,326.   | 2,046,014    | -              |
| Less unamortized debt issuance costs on both loans   | (54,935)     |                |
|  | 3,455,563    |                |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE J – LONG-TERM DEBT (CONTINUED)**

|  | <u>Total</u>         | <u>Current</u>      |
|--|----------------------|---------------------|
| <b>Rosemont Townhomes Association, LP:</b>   |                      |                     |
| Mortgage note payable to Oregon Housing and Community Services Division (OHCSO) with interest at 6.30%. Due in monthly installments of \$6,930. Balance due in June 2042.  | 978,182              | 22,172              |
| Mortgage note payable to Portland Housing Bureau (PHB) with interest at 3.66%. Loan requires debt service only from available cash flow until maturity on December 31, 2029. As of December 31, 2020, accrued interest payable was \$79,209.   | 186,542              | -                   |
| Less unamortized debt issuance costs on both loans   | (24,940)             |                     |
|  | 1,139,784            |                     |
| <b>Weidler Renewal, LP:</b>  |                      |                     |
| Loan payable to Portland Housing Bureau (PHB) in the original amount of \$1,025,000. The interest rate on the loan is 1%. Payments are subject to the availability of net cash flow, as defined in the promissory note. The PHB loan maturity date is January 1, 2047. As of December 31, 2020 and 2019, interest payable totaled \$49,093 and \$39,585, respectively. During 2020 and 2019, no payments were made on the loan.  | 950,815              | 28,695              |
| The Partnership entered into a loan agreement in April 2006 with Network for Oregon Affordable Housing (NOAH) in the original amount of \$1,030,866. During January 2012, NOAH sold the loan and all loan documents and reserves were transferred to Banner Bank. There were no changes to the terms of the original loan resulting from the sale and transfer. The interest rate on the loan is 5.8%. Monthly payments of principal and interest in the amount of \$6.049 are required. The loan maturity date is May 2026. | 769,741              | -                   |
| Less unamortized debt issuance costs   | (18,552)             |                     |
|  | 751,189              |                     |
|  | <u>\$ 30,981,634</u> | <u>\$ 4,411,854</u> |

Aggregate maturities of the long-term debt for the five years subsequent to December 31, 2020 and thereafter are as follows:

| Year Ending<br>December 31, |                      |
|-----------------------------|----------------------|
| 2021                        | \$ 4,411,854         |
| 2022                        | 1,111,809            |
| 2023                        | 1,018,596            |
| 2024                        | 799,052              |
| 2025                        | 786,078              |
| Thereafter                  | 22,854,245           |
|                             | <u>\$ 30,981,634</u> |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE K – LINES OF CREDIT AND CONTINGENT LIABILITIES**

At December 31, 2020, the Organization has available unsecured lines of credit in the amounts of \$96,500, bearing interest at 13.75%, and \$500,000, at a variable interest rate. At December 31, 2020, no balances were outstanding under these agreements.

NHA also has entered into "equity gap" financing agreements with the Portland Housing Bureau ("PHB") for the financing of certain properties, whereby if the properties are sold, transferred, refinanced or changed as to use, without the written consent of the commission, the outstanding balance of the financing must be repaid immediately to PHB. In addition, if the operation of these properties demonstrates surplus revenues in excess of 1.15 times the annual debt service in any single year of its operation, the excess must be shared equally with PHB. The outstanding balance of equity gap financing with PHB totaled \$157,560 at December 31, 2020. At December 31, 2020, there were no liabilities under these agreements.

In addition, NHA has received grants from the U.S. Department of Housing and Urban Development, the State of Oregon, Clackamas County, and other governmental agencies for the financing of certain properties, whereby if the properties are sold, transferred, refinanced, or changed as to use, the grants become immediately payable. At December 31, 2020, there were no liabilities under these agreements.

**NOTE L – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES**

Board-Designated Net Assets – The NHA Board of Directors revised the Organization’s reserve policy during 2018 and adopted the following reserve goals.

| Name of Reserve                   | Goal and Purpose   | % of Goal Met | Balance             |
|-----------------------------------|--|---------------|---------------------|
| Working capital reserve           | 3 months of COE*   | 100%          | 1,664,218           |
| Operating reserve                 | 6 months of COE*   | 100%          | 3,328,435           |
| Long-term internal investments    | Invest a minimum of \$1.5 million<br>in predevelopment and CIP** costs | 100%          | 1,500,000           |
| Opportunity reserve               | Budgeted amount available for staff initiatives                        | 100%          | 150,000             |
|                                   |  |               | <u>\$ 6,642,653</u> |
| * COE = Cash Operating Expenses   |  |               |                     |
| ** CIP = Construction in Progress |  |               |                     |

Net Assets With Donor Restrictions – net assets represent grants, contributions, and other unexpended revenues and gains available for the following at December 31, 2020:

|                                    |                   |
|------------------------------------|-------------------|
| Homeless intervention and HomeBase | \$ 14,293         |
| Capital campaign                   | 247,193           |
| Other purposes                     | <u>28,221</u>     |
|                                    | <u>\$ 289,707</u> |

Net Assets Released from Restrictions – During the year ended December 31, 2020, net assets were released from restrictions by incurring expenses in satisfaction of the restricted purposes specified by the Organization's donors, or by the occurrence of other events specified by donors, as follows:

|                        |                   |
|------------------------|-------------------|
| For operating purposes | <u>\$ 355,132</u> |
|                        | <u>\$ 355,132</u> |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE M – LIQUIDITY**

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2020:

|  |                     |
|--|---------------------|
| Financial assets at year-end*  |                     |
| Cash and cash equivalents  | \$ 6,024,603        |
| Tenant and other receivables   | 255,888             |
| Grant, pledges and contracts receivables   | 679,225             |
| Fees receivable  | 6,577,103           |
| Investments  | 2,162,716           |
| Note receivable  | 729,529             |
| Required deposits and reserves   | <u>3,069,462</u>    |
| Total financial assets   | <u>19,498,526</u>   |
| Less those unavailable for general expenditure within one year, due to:                |                     |
| Contractual or donor-imposed restrictions:   |                     |
| Receivables due beyond one year  | 1,441,208           |
| Notes receivable   | 660,701             |
| Restricted by donor  | 289,707             |
| Required deposits and reserves   | 3,069,462           |
| Board designations:  |                     |
| Board-designated reserves  | <u>6,642,653</u>    |
| Total unavailable financial assets   | <u>12,103,731</u>   |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 7,394,795</u> |

\* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

Although the Organization does not intend to spend from its board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated funds could be made available if necessary to manage liquidity needs.

**NOTE N – RETIREMENT PLAN**

NHA offers voluntary retirement plans, as described under Section 403(b) of the Internal Revenue Code, and makes them available to all fulltime and certain part-time employees. All employees may make voluntary contributions to the appropriate plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. Employees select among several investment options. The Organization contributes a discretionary matching percentage of eligible employees' salary reduction amount. During the year ended December 31, 2020, the Organization matched up to 7.0% of each eligible employee's compensation for the year. Matching contributions made by the Organization during the year ended December 31, 2020 totaled \$169,512.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE O – TRUST DEED NOTE INSTALLMENTS FORGIVEN**

At December 31, 2020, mortgages and liens payable in the amount of \$490,178 were owed to the Mental Health Development Disability Services Division of the State of Oregon, under programs whereby the liens are reduced ratably each month that the encumbered properties are used exclusively and continuously to house qualifying tenants. Principal and interest payments related to the second mortgages are made on behalf of NHA by the Mental Health and Developmental Disability Services Division of Oregon to the Oregon Housing and Community Services Department. Should the Organization use the properties for any other purpose or attempt to sell the properties, the outstanding balances become due and payable within 15 days. Principal and interest forgiven and/or paid on behalf of NHA during the year ended December 31, 2020 totaled \$107,906.

**NOTE P – CONTINGENCIES AND UNCERTAINTIES**

Amounts received and expended by the Organization under contracts with various federal and state governmental agencies are subject to audit and adjustment by those agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the Organization's general operating funds. In the opinion of the Organization's management, any adjustment that might result from such audits would not be material to the Organization's overall financial statements.

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

**NOTE Q – CONTINGENT LIABILITIES**

FASB ASC No. 460, *Guarantees*, requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken by issuing the guarantee.

*Operating Deficit Guarantees*

At December 31, 2020, NHA has provided various guarantees to certain affiliated organizations for the funding of operating deficits. These guarantees were undertaken to ensure the development of these properties and the availability of housing to the constituents served by the Organization. NHA management believes that its estimated exposure on these agreements currently is minimal. Accordingly, NHA has no liabilities recorded for these guarantees at December 31, 2020.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE Q – CONTINGENT LIABILITIES (CONTINUED)**

*Loan Guarantee*

At December 31, 2020, NHA also has guaranteed the repayment of construction loans on behalf of affiliates with property under construction. The guaranteed loan amounts on the construction loans at December 31, 2020 are as follows:

|  | Amount       |
|--|--------------|
| SunCo, LP                                | \$ 9,800,000 |
| Gateway Hermiston Affordable Housing, LP | 22,381,000   |

NHA's management believes that its estimated exposure on these agreements currently is minimal. Accordingly, NHA has no liabilities recorded for these guarantees at December 31, 2020.

**NOTE R – RECLASSIFICATION OF 2019 COMPARATIVE TOTALS**

Certain 2019 amounts presented herein have been reclassified to conform to the 2020 presentation.

**NOTE S – FAIR VALUE MEASUREMENTS**

Included in the accompanying financial statements are certain financial instruments (primarily investments) carried at fair value. The fair value is the amount that would be received to sell an asset or paid to transfer a liability in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

NHA's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At December 31, 2020, NHA's investments are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1).

Investments consist of the following at December 31, 2020:

|                            |              |
|----------------------------|--------------|
| Investments at fair value: |              |
| Cash equivalents           | \$ 150,000   |
| Equities                   | 730,743      |
| Domestic mutual funds      | 340,796      |
| Foreign mutual funds       | 445,094      |
| Fixed income mutual funds  | 496,083      |
| Total investments          | \$ 2,162,716 |

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2020**

**NOTE S – FAIR VALUE MEASUREMENTS (CONTINUED)**

Investment income for the year ended December 31, 2020 is summarized as follows:

|   |    |                       |
|---|----|-----------------------|
| Dividends and interest                    | \$ | 36,649                |
| Net increase in fair value of investments |    | <u>280,349</u>        |
|   | \$ | <u><u>316,998</u></u> |

**NOTE T – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 30, 2021, which is the date the financial statements were available to be issued.

- OAH Limited Partnership – On June 11, 2021, Ontario Acquisition LLC, a wholly owned entity of NHA, sold its land and building in Ontario, Oregon to OAH LP. In July 2021, OAH LP will begin reconstruction of the property into 56 affordable apartment homes supported by a robust mix of local service partners. The project will use 9% Low-Income Housing Tax credits and HOME funds through the state of Oregon.
- Susan Emmons Limited Partnership – Susan Emmons went through construction close on June 29, 2021. Construction of this downtown Portland, Oregon property will begin shortly thereafter using 4% Low-Income Housing Tax Credits as well as a mix of local and regional resources.
- Foster Townhomes Limited Partnership – On March 31, 2021, Foster Townhomes, dba Springwater Commons, refinanced its primary mortgage loan with US Bank to a new rate of 3.18% per annum and maturing on March 31, 2026. The existing loan had been scheduled to revert to a rate of 10.18% per annum as of March 31, 2021.
- Rosemont Senior Housing Associates LP – In January 2021, four cases of Legionella Disease were initially reported by the Multnomah County Health Department (MCHD) - three at Rosemont Court and one at an unaffiliated nearby residence. Ten Rosemont Court residents were confirmed to have contracted legionella as a result of the January outbreak. NHA worked with a broad array of County departments including MCHD, Senior and Disability Services, and Emergency Management to temporarily relocate all residents at Rosemont Court to hotels. NHA consulted closely with the MCHD, the Oregon Health Authority, the Center for Disease Control and Prevention (CDC), and a water treatment consulting firm to address the outbreak while the building was vacant. NHA instituted several remediation measures, including the following: the water system was flushed and treated, a water management plan was developed, a hospital-grade water treatment system was installed, CDC-recommended filters were installed on shower heads and sink faucets, and multiple testing protocols were placed in service. Residents returned to the property in March. Between April and June 2021, three additional cases have been confirmed, and NHA has taken what we believe to be the prudent next step – to offer all residents assistance to voluntarily relocate from the property. We are continuing to assess the potential source of the legionella along with MCHD, the Portland Water Bureau, and consultants. If an identified source includes additional items to address in the building, we will work with funders and partners to undertake the necessary actions. The timeline for this is dependent on relocation which is estimated to be completed by the end of August. We continue to be told by health officials and experts that this outbreak is rare and atypical. As of the report date, the impact of this outbreak on the Organization’s financial position is not estimable.

SUPPLEMENTARY INFORMATION

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2020**

**ASSETS**

See Note B for entities included within each category.

|   | <b>Northwest<br/>Housing<br/>Alternatives</b> | <b>Not-For-<br/>Profit<br/>LIHPRHAs</b> | <b>Wholly-<br/>Owned<br/>LIHTCs</b> | <b>Single<br/>Member<br/>LLC's</b> | <b>General<br/>Partners</b> | <b>Consolidating<br/>Elimination<br/>Entries</b> | <b>Total</b>                |
|---|---|---|-------------------------------------|------------------------------------|-----------------------------|--|-----------------------------|
| <b>Current assets:</b>                                  |   |   |                                     |                                    |                             |  |                             |
| Cash and cash equivalents                               | \$ 5,375,115                                  | \$ 44,939                               | \$ 452,347                          | \$ 76,110                          | \$ 76,092                   | \$ -   | \$ 6,024,603                |
| Tenant and other receivables                            | 35,117  | 47,225                                  | 55,909                              | 24,379                             | 93,258                      | -  | 255,888                     |
| Investments   | 2,162,716                                     | -                                       | -                                   | -                                  | -                           | -  | 2,162,716                   |
| Grant and contract payments receivable                  | 679,225                                       | 27,305                                  | -                                   | -                                  | -                           | -  | 706,530                     |
| Prepaid expenses and deferred charges                   | 104,913                                       | -                                       | 133,882                             | 14,289                             | -                           | -  | 253,084                     |
| Investment in other property                            | -   | -                                       | -                                   | -                                  | -                           | -  | -                           |
| Current fees receivable from affiliated organization    | 5,452,196                                     | -                                       | -                                   | -                                  | -                           | (201,528)  | 5,250,668                   |
| Current notes receivable from affiliated organization   | 140,494                                       | -                                       | -                                   | -                                  | -                           | (71,666)   | 68,828                      |
| <b>Total current assets</b>                             | <b><u>13,949,776</u></b>                      | <b><u>119,469</u></b>                   | <b><u>642,138</u></b>               | <b><u>114,778</u></b>              | <b><u>169,350</u></b>       | <b><u>(273,194)</u></b>                          | <b><u>14,722,317</u></b>    |
| Investments in affiliated organizations                 | 3,851,814                                     | -                                       | -                                   | -                                  | 1,572,997                   | (1,994,834)                                      | 3,429,977                   |
| Restricted deposits and funded reserves                 | 150,726                                       | 715,700                                 | 1,874,012                           | 329,024                            | -                           | -  | 3,069,462                   |
| Long-term fees receivable from affiliated organizations | 1,668,560                                     | -                                       | -                                   | -                                  | -                           | (227,352)  | 1,441,208                   |
| Notes receivable from affiliated organizations          | 1,082,011                                     | -                                       | -                                   | -                                  | 328,842                     | (750,152)  | 660,701                     |
| Land, buildings, and equipment, net                     | 19,636,590                                    | 836,339                                 | 12,542,824                          | 11,761,323                         | -                           | (404,370)  | 44,372,706                  |
| <b>Total assets</b>                                     | <b><u>\$ 40,339,477</u></b>                   | <b><u>\$ 1,671,508</u></b>              | <b><u>\$ 15,058,974</u></b>         | <b><u>\$ 12,205,125</u></b>        | <b><u>\$ 2,071,189</u></b>  | <b><u>\$ (3,649,902)</u></b>                     | <b><u>\$ 67,696,371</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>                       |   |   |                                     |                                    |                             |  |                             |
| <b>Current liabilities:</b>                             |   |   |                                     |                                    |                             |  |                             |
| Accounts payable and accrued expenses                   | \$ 356,520                                    | \$ 59,459                               | \$ 293,251                          | \$ 225,663                         | \$ 76,754                   | \$ -   | \$ 1,011,647                |
| Construction payable                                    | -   | -                                       | -                                   | 6,351                              | -                           | -  | 6,351                       |
| Accrued payroll and related expenses                    | 190,908                                       | -                                       | 7,635                               | -                                  | -                           | -  | 198,543                     |
| Payable to affiliated organizations                     | -   | -                                       | 444,545                             | 806,153                            | -                           | (1,250,698)                                      | -                           |
| Current portion of long-term debt                       | 1,421,533                                     | -                                       | 2,418,140                           | 572,181                            | -                           | -  | 4,411,854                   |
| Deferred revenue  | 984,304                                       | 6,390                                   | 14,400                              | 4,294                              | -                           | -  | 1,009,388                   |
| <b>Total current liabilities</b>                        | <b><u>2,953,265</u></b>                       | <b><u>65,849</u></b>                    | <b><u>3,177,971</u></b>             | <b><u>1,614,642</u></b>            | <b><u>76,754</u></b>        | <b><u>(1,250,698)</u></b>                        | <b><u>6,637,783</u></b>     |
| Funds held on behalf of others                          | 5,767   | 45,255                                  | 111,322                             | 25,469                             | -                           | -  | 187,813                     |
| Long-term interest payable                              | -   | -                                       | 1,200,761                           | -                                  | -                           | -  | 1,200,761                   |
| Long-term debt, less current portion                    | 6,672,965                                     | -                                       | 11,895,385                          | 8,001,430                          | -                           | -  | 26,569,780                  |
|   | <b><u>\$ 9,631,997</u></b>                    | <b><u>\$ 111,104</u></b>                | <b><u>\$ 16,385,439</u></b>         | <b><u>\$ 9,641,541</u></b>         | <b><u>\$ 76,754</u></b>     | <b><u>\$ (1,250,698)</u></b>                     | <b><u>\$ 34,596,137</u></b> |
| <b>Net assets</b>                                       |   |   |                                     |                                    |                             |  |                             |
| Without donor restrictions                              | \$ 30,417,773                                 | \$ 1,560,404                            | \$ (1,326,465)                      | \$ 2,563,584                       | \$ 1,994,435                | \$ (2,399,204)                                   | \$ 32,810,527               |
| With donor restrictions                                 | 289,707                                       | -                                       | -                                   | -                                  | -                           | -  | 289,707                     |
| <b>Total net assets</b>                                 | <b><u>30,707,480</u></b>                      | <b><u>1,560,404</u></b>                 | <b><u>(1,326,465)</u></b>           | <b><u>2,563,584</u></b>            | <b><u>1,994,435</u></b>     | <b><u>(2,399,204)</u></b>                        | <b><u>33,100,234</u></b>    |
| <b>Total liabilities and net assets</b>                 | <b><u>\$ 40,339,477</u></b>                   | <b><u>\$ 1,671,508</u></b>              | <b><u>\$ 15,058,974</u></b>         | <b><u>\$ 12,205,125</u></b>        | <b><u>\$ 2,071,189</u></b>  | <b><u>\$ (3,649,902)</u></b>                     | <b><u>\$ 67,696,371</u></b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
Year Ended December 31, 2020

|   | Northwest<br>Housing<br>Alternatives | NFP<br>LIHPRHAs            | Wholly<br>Owned<br>LIHTCs    | Single<br>Member<br>LLC's  | General<br>Partners        | Consolidating<br>Elimination<br>Entries | Total                       |
|---|--------------------------------------|----------------------------|------------------------------|----------------------------|----------------------------|---|-----------------------------|
| <b>Operating revenues, gains and other support:</b>                   |                                      |                            |                              |                            |                            |   |                             |
| Government grants and contracts                                       | \$ 2,094,312                         | \$ -                       | \$ -                         | \$ -                       | \$ -                       | \$ -                                    | \$ 2,094,312                |
| Private grants and contributions                                      | 706,163                              | -                          | -                            | -                          | -                          | -                                       | 706,163                     |
| Special events, net of direct costs                                   | 154,423                              | -                          | -                            | -                          | -                          | -                                       | 154,423                     |
| In-kind contributions   | 24,694                               | -                          | -                            | -                          | -                          | -                                       | 24,694                      |
| Trust deed note installments forgiven                                 | 107,906                              | -                          | -                            | -                          | -                          | -                                       | 107,906                     |
| Rental income   | 943,263                              | 1,050,226                  | 2,928,070                    | 1,162,521                  | -                          | -                                       | 6,084,080                   |
| Development fees from equity affiliates                               | 5,715,987                            | -                          | -                            | -                          | -                          | (487,607)                               | 5,228,380                   |
| Consulting and asset management fees                                  | 538,101                              | -                          | -                            | -                          | -                          | (113,601)                               | 424,500                     |
| Resident service fees   | 561,269                              | -                          | -                            | -                          | -                          | (162,965)                               | 398,304                     |
| Interest income from affiliates                                       | 831,238                              | -                          | -                            | -                          | 135,727                    | -                                       | 966,965                     |
| Investment income   | 315,264                              | 14                         | -                            | 1,720                      | -                          | -                                       | 316,998                     |
| Change in equity interest in affiliated organizations                 | 368,133                              | -                          | -                            | -                          | 94,493                     | (341,687)                               | 120,939                     |
| Other   | 11,019                               | 15,401                     | 35,919                       | 5,243                      | 20                         | -                                       | 67,602                      |
|   | <u>12,371,772</u>                    | <u>1,065,641</u>           | <u>2,963,989</u>             | <u>1,169,484</u>           | <u>230,240</u>             | <u>(1,105,860)</u>                      | <u>16,695,266</u>           |
| <b>Total operating revenues, gains, and other support</b>             | <b><u>12,371,772</u></b>             | <b><u>1,065,641</u></b>    | <b><u>2,963,989</u></b>      | <b><u>1,169,484</u></b>    | <b><u>230,240</u></b>      | <b><u>(1,105,860)</u></b>               | <b><u>16,695,266</u></b>    |
| <b>Expenses</b>   | <u>7,920,092</u>                     | <u>905,184</u>             | <u>3,447,377</u>             | <u>1,471,993</u>           | <u>-</u>                   | <u>(276,566)</u>                        | <u>13,468,080</u>           |
| <b>Non-operating activities:</b>                                      |                                      |                            |                              |                            |                            |   |                             |
| Capital grants received for the acquisition of property               | 1,815,211                            | -                          | -                            | -                          | -                          | -                                       | 1,815,211                   |
| Capital asset sales gain/loss   | 504,124                              | (1,490,314)                | -                            | -                          | -                          | -                                       | (986,190)                   |
| Owner distributions from affiliate organizations                      | 998,920                              | -                          | -                            | -                          | -                          | (773,407)                               | 225,513                     |
| Provision for the non-collection of loans to affiliated organizations | (1,281,686)                          | -                          | -                            | -                          | -                          | -                                       | (1,281,686)                 |
| Assignment of equity interest in limited partnership to NHA           | -                                    | -                          | 605,773                      | -                          | -                          | (40)                                    | 605,733                     |
| Other non-operating grants and transfers                              | 147,856                              | -                          | -                            | -                          | -                          | -                                       | 147,856                     |
| Sale of investment in other property loss (Note H)                    | -                                    | -                          | -                            | (4,051,101)                | -                          | 825,107                                 | (3,225,994)                 |
| <b>Total non-operating activities</b>                                 | <b><u>2,184,425</u></b>              | <b><u>(1,490,314)</u></b>  | <b><u>605,773</u></b>        | <b><u>(4,051,101)</u></b>  | <b><u>-</u></b>            | <b><u>51,660</u></b>                    | <b><u>(2,699,557)</u></b>   |
| <b>Increase in net assets</b>   | <b><u>6,636,105</u></b>              | <b><u>(1,329,857)</u></b>  | <b><u>122,385</u></b>        | <b><u>(4,353,610)</u></b>  | <b><u>230,240</u></b>      | <b><u>(777,634)</u></b>                 | <b><u>527,629</u></b>       |
| Net assets at beginning of year                                       | 24,071,375                           | 2,890,261                  | (955,187)                    | 7,196,938                  | 1,321,073                  | (1,890,853)                             | 32,633,607                  |
| Contributions   | -                                    | -                          | -                            | -                          | 504,124                    | (504,124)                               | -                           |
| Distribution  | -                                    | -                          | (493,663)                    | (279,744)                  | (61,002)                   | 773,407                                 | (61,002)                    |
| <b>Net assets at end of year</b>                                      | <b><u>\$ 30,707,480</u></b>          | <b><u>\$ 1,560,404</u></b> | <b><u>\$ (1,326,465)</u></b> | <b><u>\$ 2,563,584</u></b> | <b><u>\$ 1,994,435</u></b> | <b><u>\$ (2,399,204)</u></b>            | <b><u>\$ 33,100,234</u></b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
December 31, 2019

**ASSETS**

See Note B for entities included within each category.

|   | Northwest<br>Housing<br>Alternatives | Not-For-<br>Profit<br>LIHPRHAS | Wholly-<br>Owned<br>LIHTCs  | Single<br>Member<br>LLC's   | General<br>Partners        | Consolidating<br>Elimination<br>Entries | Total                       |
|---|--------------------------------------|--------------------------------|-----------------------------|-----------------------------|----------------------------|---|-----------------------------|
| <b>Current assets:</b>                                  |                                      |                                |                             |                             |                            |   |                             |
| Cash and cash equivalents                               | \$ 3,946,936                         | \$ 81,627                      | \$ 958,941                  | \$ 482,461                  | \$ 78,066                  | \$ -                                    | \$ 5,548,031                |
| Tenant and other receivables                            | 179,986                              | 38,608                         | 43,890                      | 32,402                      | 78,253                     | (48,483)                                | 324,656                     |
| Investments   | 2,330,415                            | -                              | -                           | -                           | -                          | -                                       | 2,330,415                   |
| Grant and contract payments receivable                  | 275,851                              | -                              | -                           | -                           | -                          | -                                       | 275,851                     |
| Prepaid expenses and deferred charges                   | 85,580                               | 30,690                         | 81,357                      | 6,660                       | -                          | -                                       | 204,287                     |
| Investment in other property                            | -                                    | -                              | -                           | 6,448,070                   | -                          | -                                       | 6,448,070                   |
| Current fees receivable from affiliated organization    | 1,372,617                            | -                              | -                           | -                           | -                          | (158,401)                               | 1,214,216                   |
| Current notes receivable from affiliated organization   | 103,198                              | -                              | -                           | -                           | -                          | -                                       | 103,198                     |
| <b>Total current assets</b>                             | <b><u>8,294,583</u></b>              | <b><u>150,925</u></b>          | <b><u>1,084,188</u></b>     | <b><u>6,969,593</u></b>     | <b><u>156,319</u></b>      | <b><u>(206,884)</u></b>                 | <b><u>16,448,724</u></b>    |
| Investments in affiliated organizations                 | 3,008,656                            | -                              | -                           | -                           | 1,083,824                  | (1,226,810)                             | 2,865,670                   |
| Restricted deposits and funded reserves                 | 128,923                              | 1,238,193                      | 1,440,767                   | 563,622                     | -                          | -                                       | 3,371,505                   |
| Long-term fees receivable from affiliated organizations | 1,379,087                            | -                              | -                           | -                           | -                          | (102,479)                               | 1,276,608                   |
| Notes receivable from affiliated organizations          | 905,141                              | -                              | -                           | -                           | 159,604                    | (675,087)                               | 389,658                     |
| Land, buildings, and equipment, net                     | 18,659,563                           | 1,785,099                      | 8,005,204                   | 11,958,536                  | -                          | (741,870)                               | 39,666,532                  |
| <b>Total assets</b>                                     | <b><u>\$ 32,375,953</u></b>          | <b><u>\$ 3,174,217</u></b>     | <b><u>\$ 10,530,159</u></b> | <b><u>\$ 19,491,751</u></b> | <b><u>\$ 1,399,747</u></b> | <b><u>\$ (2,953,130)</u></b>            | <b><u>\$ 64,018,697</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                                      |                                |                             |                             |                            |   |                             |
| <b>Current liabilities:</b>                             |                                      |                                |                             |                             |                            |   |                             |
| Accounts payable and accrued expenses                   | \$ 170,232                           | \$ 102,369                     | \$ 100,662                  | \$ 358,746                  | \$ 61,849                  | \$ -                                    | \$ 793,858                  |
| Construction payable                                    | -                                    | 70,373                         | -                           | 168,359                     | -                          | -                                       | 238,732                     |
| Accrued payroll and related expenses                    | 124,596                              | -                              | 1,830                       | -                           | -                          | -                                       | 126,426                     |
| Payable to affiliated organizations                     | -                                    | 31,400                         | 139,785                     | 865,824                     | -                          | (984,450)                               | 52,559                      |
| Current portion of long-term debt                       | 417,645                              | -                              | 247,464                     | 2,085,344                   | -                          | -                                       | 2,750,453                   |
| Deferred revenue  | 806,352                              | 2,384                          | 10,989                      | 964                         | -                          | -                                       | 820,689                     |
| <b>Total current liabilities</b>                        | <b><u>1,518,825</u></b>              | <b><u>206,526</u></b>          | <b><u>500,730</u></b>       | <b><u>3,479,237</u></b>     | <b><u>61,849</u></b>       | <b><u>(984,450)</u></b>                 | <b><u>4,782,717</u></b>     |
| Funds held on behalf of others                          | 5,684                                | 77,430                         | 69,701                      | 23,142                      | -                          | -                                       | 175,957                     |
| Long-term interest payable                              | -                                    | -                              | 1,049,948                   | -                           | -                          | -                                       | 1,049,948                   |
| Long-term debt, less current portion                    | 6,780,069                            | -                              | 9,864,967                   | 8,792,434                   | -                          | -                                       | 25,437,470                  |
|   | <b><u>\$ 8,304,578</u></b>           | <b><u>\$ 283,956</u></b>       | <b><u>\$ 11,485,346</u></b> | <b><u>\$ 12,294,813</u></b> | <b><u>\$ 61,849</u></b>    | <b><u>\$ (984,450)</u></b>              | <b><u>\$ 31,446,092</u></b> |
| <b>Net assets</b>                                       |                                      |                                |                             |                             |                            |   |                             |
| Without donor restrictions                              | \$ 23,950,309                        | \$ 2,890,261                   | \$ (955,187)                | \$ 7,196,938                | \$ 1,337,898               | \$ (1,968,680)                          | \$ 32,451,539               |
| With donor restrictions                                 | 121,066                              | -                              | -                           | -                           | -                          | -                                       | 121,066                     |
| <b>Total net assets</b>                                 | <b><u>24,071,375</u></b>             | <b><u>2,890,261</u></b>        | <b><u>(955,187)</u></b>     | <b><u>7,196,938</u></b>     | <b><u>1,337,898</u></b>    | <b><u>(1,968,680)</u></b>               | <b><u>32,572,605</u></b>    |
| <b>Total liabilities and net assets</b>                 | <b><u>\$ 32,375,953</u></b>          | <b><u>\$ 3,174,217</u></b>     | <b><u>\$ 10,530,159</u></b> | <b><u>\$ 19,491,751</u></b> | <b><u>\$ 1,399,747</u></b> | <b><u>\$ (2,953,130)</u></b>            | <b><u>\$ 64,018,697</u></b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
Year Ended December 31, 2019

|   | Northwest<br>Housing<br>Alternatives | NFP<br>LIHPRHAs            | Wholly<br>Owned<br>LIHTCs  | Single<br>Member<br>LLC's  | General<br>Partners        | Consolidating<br>Elimination<br>Entries | Total                       |
|---|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---|-----------------------------|
| <b>Operating revenues, gains and other support:</b>                   |                                      |                            |                            |                            |                            |   |                             |
| Government grants and contracts                                       | \$ 1,992,701                         | \$ -                       | \$ -                       | \$ -                       | \$ -                       | \$ -                                    | \$ 1,992,701                |
| Private grants and contributions                                      | 538,233                              | -                          | -                          | 145,776                    | -                          | -                                       | 684,009                     |
| Special events, net of direct costs                                   | 169,829                              | -                          | -                          | -                          | -                          | -                                       | 169,829                     |
| In-kind contributions   | 54,987                               | -                          | -                          | -                          | -                          | -                                       | 54,987                      |
| Trust deed note installments forgiven                                 | 108,758                              | -                          | -                          | -                          | -                          | -                                       | 108,758                     |
| Rental income   | 934,938                              | 1,419,001                  | 2,192,375                  | 699,245                    | -                          | -                                       | 5,245,559                   |
| Development fees from equity affiliates                               | 1,505,000                            | -                          | -                          | -                          | -                          | (162,500)                               | 1,342,500                   |
| Consulting and asset management fees                                  | 626,059                              | -                          | -                          | -                          | -                          | (243,698)                               | 382,361                     |
| Resident service fees   | 457,589                              | -                          | -                          | -                          | -                          | (139,719)                               | 317,870                     |
| Interest income from affiliates                                       | 696,947                              | -                          | -                          | -                          | 131,429                    | -                                       | 828,376                     |
| Investment income   | 438,753                              | 62                         | -                          | 1,071                      | -                          | -                                       | 439,886                     |
| Change in equity interest in affiliated organizations                 | 385,234                              | -                          | -                          | -                          | (67)                       | (37,845)                                | 347,322                     |
| Other   | 6,955                                | 36,329                     | 101,594                    | 5,833                      | -                          | -                                       | 150,711                     |
|   | <u>7,915,983</u>                     | <u>1,455,392</u>           | <u>2,293,969</u>           | <u>851,925</u>             | <u>131,362</u>             | <u>(583,762)</u>                        | <u>12,064,869</u>           |
| <b>Total operating revenues, gains, and other support</b>             | <b><u>7,915,983</u></b>              | <b><u>1,455,392</u></b>    | <b><u>2,293,969</u></b>    | <b><u>851,925</u></b>      | <b><u>131,362</u></b>      | <b><u>(583,762)</u></b>                 | <b><u>12,064,869</u></b>    |
| <b>Expenses</b>   | <b><u>6,821,421</u></b>              | <b><u>1,360,102</u></b>    | <b><u>2,693,275</u></b>    | <b><u>725,723</u></b>      | <b><u>-</u></b>            | <b><u>(208,417)</u></b>                 | <b><u>11,392,104</u></b>    |
| <b>Non-operating activities:</b>                                      |                                      |                            |                            |                            |                            |   |                             |
| Capital grants received for the acquisition of property               | -                                    | -                          | -                          | -                          | -                          | -                                       | -                           |
| Capital asset sales gain/loss   | -                                    | -                          | -                          | -                          | -                          | -                                       | -                           |
| Campus building demolition/loss                                       | -                                    | -                          | -                          | -                          | -                          | -                                       | -                           |
| Campus capital campaign contributions                                 | 348,175                              | -                          | -                          | -                          | -                          | -                                       | 348,175                     |
| Provision for the non-collection of loans to affiliated organizations | -                                    | -                          | -                          | -                          | -                          | -                                       | -                           |
| Non-operating grants related to other property (Note H)               | -                                    | -                          | -                          | 3,150,000                  | -                          | -                                       | 3,150,000                   |
| <b>Total non-operating activities</b>                                 | <b><u>348,175</u></b>                | <b><u>-</u></b>            | <b><u>-</u></b>            | <b><u>3,150,000</u></b>    | <b><u>-</u></b>            | <b><u>-</u></b>                         | <b><u>3,498,175</u></b>     |
| <b>Increase in net assets</b>   | <b><u>1,442,737</u></b>              | <b><u>95,290</u></b>       | <b><u>(399,306)</u></b>    | <b><u>3,276,202</u></b>    | <b><u>131,362</u></b>      | <b><u>(375,345)</u></b>                 | <b><u>4,170,940</u></b>     |
| Net assets at beginning of year                                       | 22,628,638                           | 2,794,971                  | (555,881)                  | 3,905,736                  | 1,264,775                  | (1,593,335)                             | 28,444,904                  |
| Contributions   | -                                    | -                          | -                          | 15,000                     | -                          | -                                       | 15,000                      |
| Distribution  | -                                    | -                          | -                          | -                          | (58,239)                   | -                                       | (58,239)                    |
| <b>Net assets at end of year</b>                                      | <b><u>\$ 24,071,375</u></b>          | <b><u>\$ 2,890,261</u></b> | <b><u>\$ (955,187)</u></b> | <b><u>\$ 7,196,938</u></b> | <b><u>\$ 1,337,898</u></b> | <b><u>\$ (1,968,680)</u></b>            | <b><u>\$ 32,572,605</u></b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2020**

|   | Northwest<br>Housing<br>Alternatives | Subsidiaries        | Consolidation<br>Elimination<br>Entries | Total               |
|---|--------------------------------------|---------------------|---|---------------------|
| <b>Cash flows from operating activities:</b>                              |                                      |                     |   |                     |
| Cash received from tenants, contractors, grantors, and donors             | \$ 2,553,749                         | \$ 5,401,731        | \$ -                                    | \$ 7,955,480        |
| Cash received from development, management, and other fees                | 1,938,279                            | -                   | (88,147)                                | 1,850,132           |
| Cash received for interest  | 383,932                              | -                   | -                                       | 383,932             |
| Cash paid to employees and suppliers                                      | (4,106,900)                          | (4,700,675)         | 88,147                                  | (8,719,428)         |
| Cash paid for interest  | (322,908)                            | (830,273)           | -                                       | (1,153,181)         |
| <b>Net cash provided by operating activities</b>                          | <b>446,152</b>                       | <b>(129,217)</b>    | <b>-</b>                                | <b>316,935</b>      |
| <b>Cash flows from investing activities:</b>                              |                                      |                     |   |                     |
| Capital expenditures for acquisitions and rehabilitations by subsidiaries | -                                    | (877,968)           | 487,607                                 | (390,361)           |
| Capital expenditures for NHA acquisitions and rehabilitations             | (2,071,833)                          | -                   | (487,607)                               | (2,559,440)         |
| Capital expenditures for investment in other property                     | -                                    | -                   | -                                       | -                   |
| Proceeds from the sale of capital assets                                  | -                                    | -                   | -                                       | -                   |
| Purchase of investments   | 484,696                              | -                   | -                                       | 484,696             |
| Proceeds from the sale of investments                                     | -                                    | -                   | -                                       | -                   |
| <i>Investing cash flows associated with affiliated organizations:</i>     |                                      |                     |   |                     |
| Investments in affiliated organizations                                   | (443,363)                            | -                   | -                                       | (443,363)           |
| Loans made to affiliated organizations                                    | (693,610)                            | -                   | 693,610                                 | -                   |
| Payments received on loans to affiliated organizations                    | -                                    | 693,610             | (693,610)                               | -                   |
| Increase in cash resulting from consolidation of subsidiary               | 477,049                              | -                   | -                                       | 477,049             |
| Owner distributions from affiliates                                       | 998,920                              | -                   | (773,407)                               | 225,513             |
| <b>Net cash provided by (used in) investing activities</b>                | <b>(1,248,141)</b>                   | <b>(184,358)</b>    | <b>(773,407)</b>                        | <b>(2,205,906)</b>  |
| <b>Cash flows from financing activities:</b>                              |                                      |                     |   |                     |
| Repayment of long-term debt   | (896,020)                            | (534,852)           | -                                       | (1,430,872)         |
| Proceeds from issuance of debt  | 1,184,924                            | 346,381             | -                                       | 1,531,305           |
| Proceeds from capital grants restricted for property acquisition          | 1,963,067                            | -                   | -                                       | 1,963,067           |
| Proceeds from equity contribution   | -                                    | -                   | -                                       | -                   |
| Owner distributions made to affiliates                                    | -                                    | (773,407)           | 773,407                                 | -                   |
| <b>Net cash provided by (used in) financing activities</b>                | <b>2,251,971</b>                     | <b>(961,878)</b>    | <b>773,407</b>                          | <b>2,063,500</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>               | <b>1,449,982</b>                     | <b>(1,275,453)</b>  | <b>-</b>                                | <b>174,529</b>      |
| Cash and cash equivalents at beginning of year                            | 4,075,859                            | 4,843,677           | -                                       | 8,919,536           |
| <b>Cash and cash equivalents at end of year</b>                           | <b>\$ 5,525,841</b>                  | <b>\$ 3,568,224</b> | <b>\$ -</b>                             | <b>\$ 9,094,065</b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2019**

|   | Northwest<br>Housing<br>Alternatives | Subsidiaries               | Consolidation<br>Elimination<br>Entries | Total                      |
|---|--------------------------------------|----------------------------|---|----------------------------|
| <b>Cash flows from operating activities:</b>                              |                                      |                            |   |                            |
| Cash received from tenants, contractors, grantors, and donors             | \$ 5,901,952                         | \$ 4,669,917               | \$ -                                    | \$ 10,571,869              |
| Cash received from development, management, and other fees                | 2,328,030                            | -                          | (119,965)                               | 2,208,065                  |
| Cash received for interest  | 233,179                              | -                          | -                                       | 233,179                    |
| Cash paid to employees and suppliers                                      | (5,503,475)                          | (3,564,901)                | 119,965                                 | (8,948,411)                |
| Cash paid for interest  | (93,112)                             | (451,156)                  | -                                       | (544,268)                  |
| <b>Net cash provided by operating activities</b>                          | <b><u>2,866,574</u></b>              | <b><u>653,860</u></b>      | <b><u>-</u></b>                         | <b><u>3,520,434</u></b>    |
| <b>Cash flows from investing activities:</b>                              |                                      |                            |   |                            |
| Capital expenditures for acquisitions and rehabilitations by subsidiaries | -                                    | (5,698,441)                | 337,500                                 | (5,360,941)                |
| Capital expenditures for NHA acquisitions and rehabilitations             | (4,768,519)                          | -                          | (337,500)                               | (5,106,019)                |
| Capital expenditures for investment in other property                     | -                                    | (5,213,436)                | -                                       | (5,213,436)                |
| Proceeds from the sale of capital assets                                  | 1,497,100                            | -                          | -                                       | 1,497,100                  |
| Purchase of investments   | -                                    | -                          | -                                       | -                          |
| Proceeds from the sale of investments                                     | -                                    | -                          | -                                       | -                          |
| <i>Investing cash flows associated with affiliated organizations:</i>     |                                      |                            |   |                            |
| Investments in affiliated organizations                                   | (87,140)                             | -                          | 85,132                                  | (2,008)                    |
| Loans made to affiliated organizations                                    | (984,450)                            | 984,450                    | -                                       | -                          |
| Payments received on loans to affiliated organizations                    | -                                    | 85,132                     | (85,132)                                | -                          |
| <b>Net cash provided by (used in) investing activities</b>                | <b><u>(4,343,009)</u></b>            | <b><u>(9,842,295)</u></b>  | <b><u>-</u></b>                         | <b><u>(14,185,304)</u></b> |
| <b>Cash flows from financing activities:</b>                              |                                      |                            |   |                            |
| Repayment of long-term debt   | (295,484)                            | (705,379)                  | -                                       | (1,000,863)                |
| Proceeds from issuance of debt  | 4,261,956                            | 7,581,822                  | -                                       | 11,843,778                 |
| Proceeds from capital grants restricted for property acquisition          | -                                    | 3,150,000                  | -                                       | 3,150,000                  |
| Proceeds from equity contribution   | -                                    | 15,000                     | -                                       | 15,000                     |
| <b>Net cash provided by (used in) financing activities</b>                | <b><u>3,966,472</u></b>              | <b><u>10,041,443</u></b>   | <b><u>-</u></b>                         | <b><u>14,007,915</u></b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>               | <b>2,490,037</b>                     | <b>853,008</b>             | <b>-</b>                                | <b>3,343,045</b>           |
| Cash and cash equivalents at beginning of year                            | 1,585,822                            | 3,990,669                  | -                                       | 5,576,491                  |
| <b>Cash and cash equivalents at end of year</b>                           | <b><u>\$ 4,075,859</u></b>           | <b><u>\$ 4,843,677</u></b> | <b><u>\$ -</u></b>                      | <b><u>\$ 8,919,536</u></b> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL SCHEDULES OF FINANCIAL POSITION FOR SELECTED**  
**SINGLE MEMBER LLCs**  
**December 31, 2020**

**ASSETS**

|   | <b>Blanton<br/>Street<br/>Holdings<br/>GP, LLC</b> | <b>Pleasant<br/>Street<br/>Housing,<br/>LLC</b> |
|---|--|---|
|   | <u>                    </u>                        | <u>                    </u>                     |
| Current assets:   |  |   |
| Cash and cash equivalents                               | \$ 42,797  | \$ -  |
| Tenant and other receivables                            | 17,349   | -   |
| Investments   | -  | -   |
| Grant and contract payments receivable                  | -  | -   |
| Prepaid expenses and deferred charges                   | 5,709  | -   |
| Current fees receivable from affiliated organization    | -  | -   |
| Current notes receivable from affiliated organization   | -  | -   |
| Investment in other property - current                  | -  | -   |
| <b>Total current assets</b>                             | <u><b>65,855</b></u>                               | <u><b>-</b></u>                                 |
| Investments in affiliated organizations                 | -  | -   |
| Restricted deposits and funded reserves                 | 104,697  | -   |
| Long-term fees receivable from affiliated organizations | -  | -   |
| Notes receivable from affiliated organizations          | -  | -   |
| Land, buildings, and equipment, net                     | <u>5,698,558</u>                                   | <u>-</u>  |
| <b>Total assets</b>                                     | <u><b>\$ 5,869,110</b></u>                         | <u><b>\$ -</b></u>                              |

**LIABILITIES AND NET ASSETS**

|   |                            |                    |
|---|----------------------------|--------------------|
| Current liabilities:                    |                            |                    |
| Accounts payable and accrued expenses   | \$ 23,171                  | \$ -               |
| Construction payable                    | -                          | -                  |
| Accrued payroll and related expenses    | -                          | -                  |
| Payable to affiliated organizations     | 88,147                     | -                  |
| Current portion of long-term debt       | 33,065                     | -                  |
| Deferred revenue                        | -                          | -                  |
| <b>Total current liabilities</b>        | <u><b>144,383</b></u>      | <u><b>-</b></u>    |
| Funds held on behalf of others          | 7,365                      | -                  |
| Long-term interest payable              | -                          | -                  |
| Long-term debt, less current portion    | <u>2,781,592</u>           | <u>-</u>           |
|   | <u><b>\$ 2,933,340</b></u> | <u><b>\$ -</b></u> |
| <b>Net assets</b>                       |                            |                    |
| Without donor restrictions              | \$ 2,935,770               | \$ -               |
| With donor restrictions                 | -                          | -                  |
| <b>Total net assets</b>                 | <u><b>2,935,770</b></u>    | <u><b>-</b></u>    |
| <b>Total liabilities and net assets</b> | <u><b>\$ 5,869,110</b></u> | <u><b>\$ -</b></u> |

See notes to consolidated and combined financial statements.

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL SCHEDULES OF ACTIVITIES FOR SELECTED**  
**SINGLE MEMBER LLCs**  
**December 31, 2020**

|   | <u>Blanton<br/>Street<br/>Holdings<br/>GP, LLC</u> | <u>Pleasant<br/>Street<br/>Housing,<br/>LLC</u> |
|---|--|---|
| <b>Operating revenues, gains and other support:</b>                   |  |   |
| Government grants and contracts                                       | \$ -   | \$ -  |
| Private grants and contributions                                      | -  | -   |
| Special events, net of direct costs                                   | -  | -   |
| In-kind contributions   | -  | -   |
| Trust deed note installments forgiven                                 | -  | -   |
| Rental income   | 304,565  | 161,803   |
| Development fees from equity affiliates                               | -  | -   |
| Consulting and asset management fees                                  | -  | -   |
| Resident service fees   | -  | -   |
| Interest income from affiliates                                       | -  | -   |
| Investment income   | -  | -   |
| Change in equity interest in affiliated organizations                 | -  | -   |
| Other   | -  | -   |
|   | <u>304,565</u>                                     | <u>161,803</u>                                  |
| <b>Total operating revenues, gains, and other support</b>             | <u><b>304,565</b></u>                              | <u><b>161,803</b></u>                           |
| <b>Expenses</b>   | <u><b>398,476</b></u>                              | <u><b>64,456</b></u>                            |
| <b>Non-operating activities:</b>                                      |  |   |
| Capital grants received for the acquisition of property               | -  | -   |
| Capital asset sales gain/loss   | -  | -   |
| Campus building demolition/loss                                       | -  | -   |
| Campus capital campaign contributions                                 | -  | -   |
| Provision for the non-collection of loans to affiliated organizations | -  | -   |
| Sale of investment in other property (Note H)                         | -  | (4,051,101)                                     |
| <b>Total non-operating activities</b>                                 | <u><b>-</b></u>                                    | <u><b>(4,051,101)</b></u>                       |
| <b>Increase in net assets</b>   | <u><b>(93,911)</b></u>                             | <u><b>(3,953,754)</b></u>                       |
| Net assets at beginning of year                                       | \$ 3,029,681                                       | \$ 3,953,754                                    |
| Contributions   | -  | -   |
| Distribution  | -  | -   |
| <b>Net assets at end of year</b>                                      | <u><u><b>\$ 2,935,770</b></u></u>                  | <u><u><b>\$ -</b></u></u>                       |

See notes to consolidated and combined financial statements.

**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***

To the Board of Directors  
Northwest Housing Alternatives, Inc.  
Milwaukie, Oregon

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, the consolidated and combined financial statements of Northwest Housing Alternatives, Inc. (a nonprofit organization), which comprise the consolidated and combined statement of financial position as of December 31, 2020, and the related statements of activities, functional revenues and expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northwest Housing Alternatives, Inc.'s 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 the Organization's 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 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*.

To the Board of Directors  
Northwest Housing Alternatives, Inc.

**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.



Portland, Oregon  
June 30, 2021

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

To the Board of Directors  
Northwest Housing Alternatives, Inc.  
Milwaukie, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Northwest Housing Alternatives, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Housing Alternatives, Inc.'s major federal programs for the year ended December 31, 2020. Northwest Housing Alternatives, Inc.'s 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 each of Northwest Housing Alternatives, Inc.'s 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 Code of *Federal Regulations* 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 Northwest Housing Alternatives, Inc.'s 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 Northwest Housing Alternatives, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Northwest Housing Alternatives, Inc. 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, 2020.

To the Board of Directors  
Northwest Housing Alternatives, Inc.

### Report on Internal Control Over Compliance

Management of Northwest Housing Alternatives, Inc. 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 Northwest Housing Alternatives, Inc.'s 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 the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Housing Alternatives, Inc.'s 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 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 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.

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.



Portland, Oregon  
June 30, 2021

NORTHWEST HOUSING ALTERNATIVES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2020

| <u>Federal Grantor/Passed through Grantor/Program Title</u>   | <u>Pass-Through Entity Identifying Number</u> | <u>Federal CFDA Number</u> | <u>Expenditures of Federal Awards</u> | <u>Pass-Through to Subrecipient</u> |
|---|---|----------------------------|---------------------------------------|-------------------------------------|
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>       |   |                            |                                       |                                     |
| <i>Direct:</i>  |   |                            |                                       |                                     |
| Supportive Housing for the Elderly                            | N/A   | 14.157                     | \$ 15,869,700                         | \$ 15,869,700                       |
| Supportive Housing for Persons with Disabilities              | N/A   | 14.181                     | 1,704,500                             | 1,704,500                           |
| Continuum of Care Program                                     | N/A   | 14.267                     | 135,170                               |                                     |
| <i>Passed through Clackamas County:</i>                       |   |                            |                                       |                                     |
| HOME Investment Partnerships Program                          | M15UC410201                                   | 14.239                     | 70,316                                |                                     |
| HOME Investment Partnerships Program                          | N/A   | 14.239                     | <u>6,500</u>                          |                                     |
| Total CFDA 14.239   |   |                            | 76,816                                |                                     |
| <i>Passed through Clackamas County:</i>                       |   |                            |                                       |                                     |
| Emergency Solutions Grants Program                            | E19-UC-41-0001,<br>E20-UW-41-0003             | 14.231                     | 127,571                               |                                     |
| CDBG - Entitlement Grants Cluster                             | B20-NC-41-0001                                | 14.218                     | <u>50,000</u>                         |                                     |
| <b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> |   |                            | <b><u>17,963,757</u></b>              |                                     |
| <b>U.S. DEPARTMENT OF TREASURY</b>                            |   |                            |                                       |                                     |
| <i>Passed through Oregon Health Authority:</i>                |   |                            |                                       |                                     |
| COVID-19 Coronavirus Relief Fund                              | 165629  | 21.019                     | <u>88,239</u>                         |                                     |
|   |   |                            | <b><u>\$ 18,051,996</u></b>           |                                     |

See Notes to Schedule of Expenditures of Federal Awards.

**NORTHWEST HOUSING ALTERNATIVES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2020**

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Northwest Housing Alternatives, Inc. under programs of the federal government for the year ended December 31, 2020. 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* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northwest Housing Alternatives, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwest Housing Alternatives, Inc.

**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.

**LOAN PROGRAMS**

The U.S. Department of Housing and Urban Development has issued notes and mortgages to Northwest Housing Alternatives, Inc. in connection with certain capital advances. These notes and mortgages have 40 to 55-year terms. Northwest Housing Alternatives, Inc. is not required to repay principal or interest and the notes are forgiven at maturity, as long as Northwest Housing Alternatives, Inc. provides housing for the designated class of people in accordance with applicable HUD requirements. As reported in the Schedule, capital advances made to the Organization by HUD and passed through to subrecipients in prior years total \$17,574,200.

The balance of loans outstanding at December 31, 2020 consists of the following:

| CFDA<br>Number | Program Name                                     | Outstanding<br>Balance |
|----------------|--|------------------------|
| 14.157         | Supportive Housing for the Elderly               | \$ 15,869,700          |
| 14.181         | Supportive Housing for Persons with Disabilities | <u>1,704,500</u>       |
|                |  | <u>\$ 17,574,200</u>   |

**INDIRECT COST RATE**

Northwest Housing Alternatives, Inc. has not used the 10% de minimis indirect cost rate under the Uniform Guidance.

NORTHWEST HOUSING ALTERNATIVES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended December 31, 2020

**Section 1 – Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued – **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor’s report issued on compliance for major programs – **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) \_\_\_\_\_ Yes      X   No

*Identification of Major Programs*

- **Supportive Housing for the Elderly** – CFDA No. 14.157
  - **Supportive Housing for Persons with Disabilities** – CFDA No. 14.181
1. Dollar threshold used to distinguish between Type A and Type B programs – **\$750,000.**
  2. Is the auditee qualified as a low-risk auditee under the Uniform Guidance – Yes

**Section 2 – Financial Statement Findings**

None

**Section 3 – Federal Award Findings and Questioned Costs**

None

**NORTHWEST HOUSING ALTERNATIVES, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended December 31, 2020**

There were no findings reported in the prior audit.

## OTHER INFORMATION

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**GOVERNING BOARD AND MANAGEMENT**  
Year Ended December 31, 2020

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**Board of Directors**

Jake Kirsch  
*President*

Steven Phan  
*Vice President*

Roberta Ando  
*Secretary*

*Barbara Smith*  
*Treasurer*

Scott Bullard

Marilyn Cohen

Kelsey Heilman

Roseta "Rose" Akin

Shannon Olive

**Ex Officio Members**

Winston Kurth

John Mullin

Mike Dykes

Katy Patricelli

**Management**

Trell Anderson  
*Executive Director*

Tam Gardner  
*Director of Finance/CFO*

Destin Ferdun  
*Director of Real Estate Development*

Ray Hackworth  
*Director of Asset Management/COO*

Julia Doty  
*Director of Programs*

Kristin Barber  
*Director of Philanthropy and Resource Development*

Cameo Tamala  
*Operations Manager and Cultural Strategist*

Scott Brumitt  
*Resident Services Supervisor*

Peter Tompkins-Rosenblatt  
*HIS Program Manager*

**Administrative Offices**

NORTHWEST HOUSING ALTERNATIVES, INC.  
2316 SE Willard Street  
Milwaukie, Oregon 97222

(503) 654-1007  
(503) 654-1319 Fax

**E-Mail**

[info@nwhousing.org](mailto:info@nwhousing.org)

**NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES**  
**AFFILIATION CHART**  
**December 31, 2020**

***Equity Investments and Consolidated Subsidiaries:***

| Property                  | Ownership Entity (OE)                    | OE Owners  | %               | NHA Accounting Method<br>for OE Owners |
|---------------------------|--|--|-----------------|--|
| Alma Gardens              | Alma Gardens, LP                         | <ul style="list-style-type: none"> <li>● GP - NHA through Alma GP, LLC</li> <li>● LP - External Investors</li> </ul>   | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Autumn Park Renewal       | Autumn Park Renewal, LP                  | <ul style="list-style-type: none"> <li>● GP - NHA through Autumn Park GP, LLC</li> <li>● LP - External Investors</li> </ul>                                    | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Buri Building             | Gateway Hermiston Affordable Housing, LP | <ul style="list-style-type: none"> <li>● GP - NHA through Gateway Hermiston Affordable Housing GP, LLC</li> <li>● LP - External Investors</li> </ul>           | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Charleston                | Charleston, LP                           | <ul style="list-style-type: none"> <li>● GP - NHA through Charleston GP, LLC</li> <li>● LP - External Investors</li> </ul>                                     | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Creekside                 | Creekside Woods, LP                      | <ul style="list-style-type: none"> <li>● GP - NHA through Creekside GP, LLC</li> <li>● LP - External Investors</li> </ul>                                      | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Cottonwood I              | Cottonwood I Renewal, LLC                | <ul style="list-style-type: none"> <li>● NHA</li> <li>● External Investor Members</li> </ul>   | 0.01%<br>99.99% | Equity<br>Equity                       |
| Cottonwood II             | Cottonwood II Renewal, LLC               | <ul style="list-style-type: none"> <li>● NHA</li> <li>● External Investor Members</li> </ul>   | 0.01%<br>99.99% | Equity<br>Equity                       |
| Campus Office/Shelter     | Ever Onward Campus, LLC                  | <ul style="list-style-type: none"> <li>● NHA</li> </ul>  | 100%            | Consolidation                          |
| Campus Housing            | NHA Campus Redevelopment, LP             | <ul style="list-style-type: none"> <li>● GP - NHA through Willard Street Redevelopment GP, LLC</li> <li>● LP - External Investors</li> </ul>                   | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Hawthorne East            | Hawthorne Renewal, LP                    | <ul style="list-style-type: none"> <li>● GP - NHA through Hawthorne Renewal GP, LLC</li> <li>● LP - External Investors</li> </ul>                              | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Hollyfield Village        | Hollyfield Village Apartments, LP        | <ul style="list-style-type: none"> <li>● GP - NHA through Hollyfield Village Acquisition, LLC</li> <li>● LP - External Investors</li> </ul>                    | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Ikoi So Terrace           | Ikoi So Terrace Renewal, LP              | <ul style="list-style-type: none"> <li>● GP - NHA through Ikoi So Terrace GP, LLC</li> <li>● LP - External Investors</li> </ul>                                | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Oakridge Park             | Oakridge Park, LP                        | <ul style="list-style-type: none"> <li>● GP - NHA through Oakridge GP, LLC</li> <li>● LP - External Investors</li> </ul>                                       | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Ontario                   | Ontario Acquisition, LLC                 | <ul style="list-style-type: none"> <li>● NHA</li> </ul>  | 100%            | Consolidation                          |
| Pleasant Street           | Pleasant Street Housing, LLC             | <ul style="list-style-type: none"> <li>● NHA</li> </ul>  | 100%            | Consolidation                          |
| Pomeroy Place             | Blanton Street Housing GP, LLC           | <ul style="list-style-type: none"> <li>● NHA</li> </ul>  | 100%            | Consolidation                          |
| Quimby                    | Quimby Housing, LP                       | <ul style="list-style-type: none"> <li>● GP - NHA through Quimby GP, LLC</li> <li>● LP - External Investors</li> </ul>   | 0.01%<br>99.99% | Consolidation<br>Equity                |
| River Glen                | River Glen Renewal Associates, LLC       | <ul style="list-style-type: none"> <li>● NHA</li> </ul>  | 100%            | Consolidation                          |
| Roselyn                   | Roselyn Renewal, LLC                     | <ul style="list-style-type: none"> <li>● NHA</li> <li>● External Investor Member</li> </ul>  | 0.01%<br>99.99% | Equity<br>Equity                       |
| Rosemont Commons          | Rosemont Sen. Housing Associates, LP     | <ul style="list-style-type: none"> <li>● GP - NHA through Villa St. Rose Management, LLC</li> <li>● LP - NHA through Rosemont Renewal, LLC</li> </ul>          | 0.01%<br>99.99% | Consolidation<br>Consolidation         |
| Rosemont Townhomes        | Rosemont Townhomes Associates, LP        | <ul style="list-style-type: none"> <li>● GP - NHA through Villa St. Rose Management, LLC</li> <li>● LP - NHA through Rosemont Townhome Renewal, LLC</li> </ul> | 0.01%<br>99.99% | Consolidation<br>Consolidation         |
| Seneca Terrace            | Seneca Terrace Renewal, LP               | <ul style="list-style-type: none"> <li>● GP - NHA through Seneca Terrace GP, LLC</li> <li>● LP - External Investors</li> </ul>                                 | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Siuslaw Dunes             | Siuslaw Dunes Renewal, LP                | <ul style="list-style-type: none"> <li>● GP - NHA through Siuslaw Dunes Acquisition, LLC</li> <li>● LP - External Investors</li> </ul>                         | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Spring Street             | Spring Housing, LP                       | <ul style="list-style-type: none"> <li>● GP - NHA through Spring Renewal GP, LLC</li> </ul>  | 0.01%           | Consolidation                          |
| Springwater Commons       | Foster Townhomes, LP                     | <ul style="list-style-type: none"> <li>● GP - NHA through Foster GP, LLC</li> <li>● LP - Foster Townhomes Renewal, LLC</li> </ul>                              | 0.01%<br>99.99% | Consolidation<br>Consolidation         |
| SunCo                     | SunCo, LP                                | <ul style="list-style-type: none"> <li>● GP - SunCo, LLC (NHA 79% member)</li> <li>● LP - External Investors</li> </ul>  | 0.01%<br>99.99% | Consolidation<br>Equity                |
| The Oak                   | Oak Associates, LP                       | <ul style="list-style-type: none"> <li>● GP - NHA through 333 Associates, LLC</li> <li>● LP - NHA through 333 Interim, LLC</li> </ul>                          | 0.01%<br>99.99% | Consolidation<br>Consolidation         |
| Trenton Terrace           | Trenton Terrace, LP                      | <ul style="list-style-type: none"> <li>● GP - NHA</li> <li>● LP - External Investors</li> </ul>  | 0.01%<br>99.99% | Equity<br>Equity                       |
| Upshur                    | Upshur Renewal Housing, LP               | <ul style="list-style-type: none"> <li>● GP - NHA through Upshur GP, LLC</li> <li>● LP - External Investors</li> </ul>   | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Victorian /Mayfield       | Victorian Mayfield Revitalization, LP    | <ul style="list-style-type: none"> <li>● GP - NHA through Victorian Mayfield GP, LLC</li> <li>● LP - External Investors</li> </ul>                             | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Village at the Headwaters | Village at the Headwaters, LP            | <ul style="list-style-type: none"> <li>● GP - NHA through The Headwaters GP, LLC</li> <li>● LP - External Investors</li> </ul>                                 | 0.01%<br>99.99% | Consolidation<br>Equity                |
| Weidler                   | Weidler Renewal, LP                      | <ul style="list-style-type: none"> <li>● GP - NHA through Weidler Renewal GP, LLC</li> <li>● LP - Weidler Commons Renewal, LLC</li> </ul>                      | 0.01%<br>99.99% | Consolidation<br>Consolidation         |

***Common Control/Management***

**LIHPRHA**

- College Manor Associates, Inc.
- Sunnyslope Manor Associates, Inc.
- Ridgeway Village Associates, Inc.
- Oakhill Associates, Inc.
- Saginaw Village Associates, Inc.