

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report**

Years ended December 31, 2021 and 2020

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.
Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

September 27, 2022

Board of Directors
Community Partners for Affordable Housing, Inc.
Tigard, Oregon

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of financial position of Community Partners for Affordable Housing, Inc. (CPAH, Inc.) (a nonprofit organization) and affiliated entities, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CPAH, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of CPAH, Inc. and its affiliated entities and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

My audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Audited Supplementary Information on pages 27 to 33 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, on pages 34 to 35, I have also issued my report dated September 27, 2022 on my consideration of CPAH, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 CPAH, Inc.'s 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 CPAH, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mark Schwing CPA PC". The signature is written in a cursive, flowing style.

Mark Schwing CPA PC

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

DECEMBER 31, 2021 and 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

Assets	2021	2020
Cash	\$ 4,904,477	\$ 2,213,002
Cash - restricted	2,836,582	6,480,573
Receivables - operating	142,428	139,565
Receivables - grants	588,901	1,604,179
Prepaid expenses	50,478	34,038
Tenant security deposits held in trust	290,403	238,569
Predevelopment costs	1,102,087	593,991
Land held for development	2,763,505	2,003,616
Fixed assets - net	63,953,909	62,165,391
Bond fee	207,250	-
Tax credit fees - net	369,706	188,989
Total Assets	\$ 77,209,726	\$ 75,661,913

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 134,067	\$ 46,036
Accounts payable-construction and project improvements	254,024	2,736,189
Accrued liabilities	142,733	135,997
Prepaid rents	91,535	8,747
Refundable security deposits	288,622	238,569
Mortgages and notes payable	35,279,627	39,553,498
Accrued interest	648,160	639,625
Total Liabilities	36,838,768	43,358,661
Commitments and Contingencies	-	-
Net Assets		
Without donor restriction		
Controlling interests	10,912,771	9,959,709
Board designated	450,000	-
Noncontrolling interests	28,324,396	20,849,822
Total without donor restriction	39,687,167	30,809,531
With donor restriction - controlling interests	683,791	1,493,721
Total Net Assets	40,370,958	32,303,252
Total Liabilities and Net Assets	\$ 77,209,726	\$ 75,661,913

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Years Ended December 31, 2021 and 2020

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2021	2020
<i>Net Assets Without Donor Restriction:</i>		
Support and Revenues		
Support		
Grants	\$ 848,591	\$ 1,305,109
In-Kind Contributions	500,000	-
Contributions	31,322	37,193
Total Support	1,379,913	1,342,302
Revenues		
Net rental revenue	4,892,914	3,792,913
Laundry and tenant charges	77,187	92,975
Interest income	2,353	2,698
Special events - net of expenses	99,605	83,150
Debt forgiveness	106,071	169,912
Other income	33,018	43,256
Total Revenues	5,211,148	4,184,904
Net assets released from restrictions	1,478,726	996,894
Total Support and Revenues	8,069,787	6,524,100
Expenses		
Program Services		
Property operations	4,229,647	3,190,548
Housing education and outreach	102,748	123,938
Resident services	375,872	289,387
Housing development	769,269	521,624
Asset management	183,742	101,014
Total Program Services	5,661,278	4,226,511
Support Services		
Management and general	199,700	173,930
Fundraising	43,638	22,554
Total Support Services	243,338	196,484
Total Expenses before depreciation and amortization	5,904,616	4,422,995
Change in Net Assets Without Donor Restriction before depreciation and amortization	2,165,171	2,101,105
Less depreciation and amortization	2,455,624	1,666,242
Change in Net Assets Without Donor Restriction	\$ (290,453)	\$ 434,863
<i>Net Assets With Donor Restriction:</i>		
Grants and contributions	\$ 668,796	\$ 1,992,168
Net assets released from restrictions	(1,478,726)	(996,894)
Change in Net Assets With Donor Restriction	\$ (809,930)	\$ 995,274
<i>Total Change in Net Assets</i>	\$ (1,100,383)	\$ 1,430,137

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Years Ended December 31, 2021 and 2020

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

	WITHOUT DONOR RESTRICTION			WITH DONOR RESTRICTION	
	CONTROLLING INTERESTS	NONCONTROLLING INTERESTS	TOTAL	CONTROLLING INTERESTS	TOTAL NET ASSETS
Net Assets, December 31, 2019	\$ 7,493,142	\$ 22,921,526	\$ 30,414,668	\$ 498,447	\$ 30,913,115
Change in net assets for the year ended December 31, 2020	2,466,567	(2,031,704)	434,863	995,274	1,430,137
Limited Partners capital contributions	-	-	-	-	-
Limited Partnership syndication costs	-	(40,000)	(40,000)	-	(40,000)
Net Assets, December 31, 2020	9,959,709	20,849,822	30,809,531	1,493,721	32,303,252
Change in net assets for the year ended December 31, 2021	1,403,062	(1,693,515)	(290,453)	(809,930)	(1,100,383)
Limited Partners capital contributions	-	9,294,447	9,294,447	-	9,294,447
Limited Partnership syndication costs	-	(90,000)	(90,000)	-	(90,000)
Limited Partners distributions	-	(36,358)	(36,358)	-	(36,358)
Net Assets, December 31, 2021	\$ 11,362,771	\$ 28,324,396	\$ 39,687,167	\$ 683,791	\$ 40,370,958

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Year Ended December 31, 2021

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES						SUPPORT SERVICES			
	PROPERTY OPERATIONS	HOUSING EDUCATION & OUTREACH	RESIDENT SERVICES	HOUSING DEVELOPMENT	ASSET MANAGEMENT	TOTAL	MANAGEMENT & GENERAL	FUND- RAISING	TOTAL	GRAND TOTALS
Personnel costs	\$ 706,394	\$ 96,328	\$ 328,320	\$ 381,315	\$ 106,420	\$ 1,618,777	\$ 67,928	\$ 40,787	\$ 108,715	\$ 1,727,492
Administrative expenses	160,222	2,624	6,016	24,701	605	194,168	5,768	338	6,106	200,274
Bad debt expense	23,000	-	-	-	-	23,000	-	-	-	23,000
Fees-limited partners	22,383	-	-	-	-	22,383	-	-	-	22,383
Grant expenditures	-	-	-	-	70,318	70,318	-	-	-	70,318
Insurance	253,707	468	2,507	5,714	908	263,304	2,479	253	2,732	266,036
Interest expense	896,790	1,767	9,137	112,347	2,237	1,022,278	5,370	998	6,368	1,028,646
Maintenance and repairs	927,190	-	-	-	-	927,190	-	-	-	927,190
Monitoring fees-LIHTC	17,618	-	-	-	-	17,618	-	-	-	17,618
Professional fees	185,943	-	7,763	240,480	1,748	435,934	102,753	-	102,753	538,687
Program supplies	845	-	13,841	-	-	14,686	-	26	26	14,712
Property management fee	251,647	-	-	-	-	251,647	-	-	-	251,647
Real property taxes	4,909	-	-	-	-	4,909	-	-	-	4,909
Telephone and internet	53,325	1,291	5,890	4,107	1,201	65,814	9,696	733	10,429	76,243
Travel, training and meetings	1,802	120	1,611	-	109	3,642	5,599	408	6,007	9,649
Utilities	723,872	150	787	605	196	725,610	107	95	202	725,812
Functional Expenses before depreciation and amortization	4,229,647	102,748	375,872	769,269	183,742	5,661,278	199,700	43,638	243,338	5,904,616
Depreciation	2,347,600	2,392	12,545	9,714	3,069	2,375,320	48,377	1,517	49,894	2,425,214
Amortization	30,410	-	-	-	-	30,410	-	-	-	30,410
Total Depreciation and amortization	2,378,010	2,392	12,545	9,714	3,069	2,405,730	48,377	1,517	49,894	2,455,624
Functional Expenses before fundraising event expenses	6,607,657	105,140	388,417	778,983	186,811	8,067,008	248,077	45,155	293,232	8,360,240
Fundraising event expenses	-	-	-	-	-	-	-	15,387	15,387	15,387
Total Expenses	\$ 6,607,657	\$ 105,140	\$ 388,417	\$ 778,983	\$ 186,811	\$ 8,067,008	\$ 248,077	\$ 60,542	\$ 308,619	\$ 8,375,627

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Year Ended December 31, 2020

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES						SUPPORT SERVICES				
	PROPERTY OPERATIONS	HOUSING EDUCATION & OUTREACH	RESIDENT SERVICES	HOUSING DEVELOPMENT	ASSET MANAGEMENT	TOTAL	MANAGEMENT & GENERAL	FUND- RAISING	TOTAL	GRAND TOTALS	
Personnel costs	\$ 611,021	\$ 110,988	\$ 237,931	\$ 216,994	\$ 89,973	\$ 1,266,907	\$ 62,820	\$ 19,211	\$ 82,031	\$ 1,348,938	
Administrative expenses	129,345	1,020	3,595	10,157	762	144,879	8,908	1,297	10,205	155,084	
Bad debt expense	7,055	-	-	-	-	7,055	-	-	-	7,055	
Fees-limited partners	17,139	-	-	-	-	17,139	-	-	-	17,139	
Insurance	171,396	724	2,249	1,292	1,861	177,522	2,602	146	2,748	180,270	
Interest expense	640,882	3,086	9,601	75,415	3,240	732,224	4,155	619	4,774	736,998	
Maintenance and repairs	589,669	-	-	-	-	589,669	-	-	-	589,669	
Monitoring fees-LIHTC	18,392	-	-	-	-	18,392	-	-	-	18,392	
Professional fees	169,938	6,589	9,119	215,009	1,344	401,999	87,942	894	88,836	490,835	
Program supplies	44,979	-	21,642	45	-	66,666	-	56	56	66,722	
Property management fee	174,550	-	-	-	-	174,550	-	-	-	174,550	
Real property taxes	14,571	-	-	-	2,560	17,131	-	-	-	17,131	
Telephone and internet	43,252	1,039	2,997	1,830	836	49,954	2,769	269	3,038	52,992	
Travel, training and meetings	4,638	210	1,363	332	202	6,745	4,534	-	4,534	11,279	
Utilities	553,721	282	890	550	236	555,679	200	62	262	555,941	
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Functional Expenses before depreciation and amortization	3,190,548	123,938	289,387	521,624	101,014	4,226,511	173,930	22,554	196,484	4,422,995	
Depreciation	1,561,252	4,017	12,569	7,215	9,910	1,594,963	49,308	822	50,130	1,645,093	
Amortization	21,149	-	-	-	-	21,149	-	-	-	21,149	
Total Depreciation and amortization	1,582,401	4,017	12,569	7,215	9,910	1,616,112	49,308	822	50,130	1,666,242	
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Functional Expenses before fundraising event expenses	4,772,949	127,955	301,956	528,839	110,924	5,842,623	223,238	23,376	246,614	6,089,237	
Fundraising event expenses	-	-	-	-	-	-	-	-	-	-	
Total Expenses	\$ 4,772,949	\$ 127,955	\$ 301,956	\$ 528,839	\$ 110,924	\$ 5,842,623	\$ 223,238	\$ 23,376	\$ 246,614	\$ 6,089,237	

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.
Years Ended December 31, 2021 and 2020

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ (1,100,383)	\$ 1,430,137
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,455,624	1,666,242
Interest-amortized debt issuance costs	99,678	152,804
Debt forgiveness	(106,071)	-
(Increase) decrease in		
Receivables	1,012,415	(1,590,830)
Prepaid expenses	(16,440)	32,128
Increase (decrease) in		
Accounts payable	88,031	(39,390)
Accrued liabilities	6,736	65,161
Prepaid rents	82,788	(1,499)
Refundable security deposits	50,053	22,135
Accrued interest	8,535	(88,808)
Net Cash Provided (Used) by Operating Activities	2,580,966	1,648,080
Cash Flows From Investing Activities		
(Increase) decrease in predevelopment costs	(508,096)	(473,947)
Tax credit fees paid	(211,127)	-
Bond fees paid	(207,250)	-
Purchases of land held for development	(759,889)	(2,003,616)
Purchases of fixed assets	(4,213,732)	(20,788,991)
Increase (decrease) in accounts payable related to construction cost and improvements	(2,482,165)	2,021,976
Net Cash Provided (Used) by Investing Activities	(8,382,259)	(21,244,578)
Cash Flows From Financing Activities		
Proceeds from mortgages and notes payable borrowings	10,540,975	22,732,846
Principal payments of mortgages and notes payable	(14,564,224)	(3,079,264)
Financing fees paid	(244,229)	(101,832)
Syndication costs Limited Partnership	(90,000)	(40,000)
Limited Partners distributions	(36,358)	-
Limited Partners capital contributions	9,294,447	-
Net Cash Provided (Used) by Financing Activities	4,900,611	19,511,750
Net Change in Cash and Restricted Cash	(900,682)	(84,748)
Cash and Restricted Cash at Beginning of Year	8,932,144	9,016,892
Cash and Restricted Cash at End of Year	\$ 8,031,462	\$ 8,932,144
Supplemental Cash Flows Disclosures		
Cash paid for interest charged to expense	\$ 820,934	\$ 841,111
Cash paid for capitalized interest expense	\$ 18,888	\$ 119,956

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

(1) The Organization and Nature of Activities

Community Partners for Affordable Housing, Inc. (CPAH) is a nonprofit Corporation, incorporated under the laws of the State of Oregon. CPAH is focused on the development of permanent affordable housing for low-income individuals, families and seniors in Washington and Multnomah Counties. CPAH also supports CPAH residents with resident services, community building, and skill building activities to promote housing and life success.

Property Operations: CPAH and Affiliates own 466 units of affordable rental housing in ten multi-family communities and six single family homes, rented to households with income below specified limits.

Housing Education and Outreach: CPAH provides information to the community related to the role affordable housing plays in building and maintaining vibrant and resilient communities. CPAH also provides opportunities for volunteers to connect with CPAH projects and programs.

Resident Services: In order to support CPAH residents, CPAH provides skill-building and support programs, assists residents in maintaining their housing, and partners with a variety of community service providers.

Housing Development: CPAH is committed to adding affordable housing units in the communities it serves. In 2015, CPAH completed the rehabilitation of Metzger Park Apartments and the construction of The Barcelona at Beaverton Apartments. CPAH completed construction in 2020 of Red Rock Creek Commons and Cedar Grove. CPAH completed rehabilitation of the Village at Washington Square Apartments in 2021. CPAH has begun pre-development work on the Plambeck Gardens and Woodland Hearth, and in 2021 began construction of The Joyce, which is expected to be completed in 2023.

Asset Management: CPAH provides asset management for the 466 units in its portfolio, ensuring fiscal and physical compliance and a high quality of life for its residents.

CPAH owns a general partnership interest in each of five Limited Partnerships as of December 31, 2021 with a total of 238 units not including the Joyce Limited Partnership that will have 66 units when completed. These partnerships own and operate low-income housing facilities developed and managed by CPAH. The Limited Partnerships have been included in the accompanying consolidated financial statements.

(1) The Organization and Nature of Activities – continued

CPAH is affiliated with two single-asset not-for-profit Corporations with a total of 80 units. These corporations own and operate low-income housing facilities managed by CPAH. The single asset not-for-profit Corporations have been included in the accompanying consolidated financial statements.

CPAH owns The Village at Washington Square Apartments (26 units), Greenburg Oaks Apartments (84 units) formerly Villa La Paz Limited Partnership, and as of July 31, 2020, Oleson Woods LP (32 units). In addition, it owns 6 single-family low-income rental homes, and CPAH's office space.

Tax Credit Entities

Tax Credit Entities include five limited partnerships in which CPAH, or a single member LLC formed by CPAH as the general partner, holds controlling general partner interests (of 0.01%). In accordance with accounting principles generally accepted in the United States of America, the Limited Partnerships have been included in the consolidated financial statements because CPAH, as the general partner, is deemed to control the Limited Partnerships. The Tax Credit Entities are as follows:

- Oleson Woods Limited Partnership (Terminated July 31, 2020 – See Note 17)
- Bertha Senior Housing Limited Partnership
- The Knoll at Tigard Limited Partnership
- The Barcelona at Beaverton Limited Partnership
- CPAH Cedar Grove Limited Partnership
- Red Rock Creek Commons Limited Partnership
- CPAH Joyce Limited Partnership

CPAH has the option to purchase 100% of the ownership interest in each of the Limited Partnerships at the end of their respective 15-year compliance periods.

Single Asset HUD Projects

Single Asset Housing and Urban Development (HUD) Projects include two not-for-profit corporations, each of which owns a HUD Sections 220 and 236 multi-family housing complex designed to serve low-income persons, with a total of 80 units. CPAH was approved as the HUD-designated "Project Sponsor." These entities have been included in the consolidated financial statements of CPAH because CPAH is deemed to control these entities through common board members. These entities are as follows:

- Metzger Park Apartments, Inc.
- Preserve Spencer House, Inc.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CPAH and its single member LLCs, Tax Credit Entities and Single Asset HUD Projects that are controlled by CPAH. CPAH's general partnership interests are 0.01% with the remainder of the partnerships' equity generally held by a limited partner and shown as non-controlling interest in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation. The Tax Credit Entities and the Single Asset HUD Projects included in the consolidated financial statements are collectively referred to as "Affiliated Entities" in these financial statements.

Non-controlling Interests

The amounts shown as non-controlling interests represent the aggregate balance of limited partner equity interests in the non-wholly owned limited partnerships that are included in the consolidated financial statements.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restriction – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. CPAH reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

(2) Summary of Significant Accounting Policies – continued

Revenue Recognition

Rental Revenue, Laundry, and Tenant Charges

Rental revenues are recognized in the month in which the services are provided and are presented net of rent concessions and vacancy loss. Other income is recognized as the related services are provided and include laundry, application fees, late fees, and other tenant charges. Rental payments received in advance are deferred until earned.

Revenue generated by laundry machines represents exchange transactions. Revenue from laundry machines is recognized at a point in time and the amounts earned during the year are reported on the statement of activities. There were no contract assets or liabilities to these revenues at either the beginning or end of the year. There are no obligations for returns or refunds arising from these transactions.

Special Events Revenue

Special events revenue is recognized upon completion of the event.

Grants and Contributions

CPAH receives grants and contributions from private foundations and government sources. Government grants are generally treated as with donor restricted amounts until the restrictions have been satisfied, at which time they are released from restriction and treated as without donor restriction amounts. Contributions, which include unconditional promises to give, are recorded as revenue at estimated net realizable value in the period CPAH is notified of the commitment. Conditional promises to give are not included as revenue until the conditions are substantially met. Grants and contributions whose restrictions, if any, are met in the same reporting period are reported as unrestricted revenue in the period of receipt.

Development Fees

CPAH earns fees for development of properties and generally recognizes development fees as earned over the period of development in accordance with the terms of Limited Partnership agreements. Development fees earned by CPAH, which are included in development costs of consolidated low-income housing projects, have been eliminated in consolidation. In addition, CPAH provides asset management and resident services directly to the Affiliated Entities. Income is earned in accordance with the terms of the agreements and recorded as revenue when earned. All fees earned during the years ended December 31, 2021 and 2020 were intercompany revenue and have been eliminated in the consolidated financial statements.

(2) Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Donated Goods and Services

Donated goods and services are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the use of donated goods to a specific purpose. CPAH recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the statements for donated services by the Board members involved in Board activities or from unpaid volunteers unless the criteria for recognition have been met.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on an allocation of employees' time incurred and on usage of resources. Costs allocated to the property operations and other program services include an allocation of operating costs of CPAH and all of the expenses of the Affiliated Entities that have been included in the consolidated financial statements. Amounts allocated to support services represent allocations of the operating costs of CPAH.

The Use of Estimates

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

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which are as follows: 27.5 to 45 years for buildings, 15 years for site and land improvements and 5 to 15 years for furnishings and equipment. Maintenance, repairs and minor replacements are charged to expense when incurred. Major replacements and betterments in excess of \$1,000 are capitalized. Management reviews fixed assets for financial impairment and will continue to evaluate assets if events or circumstances indicate the carrying amount of an asset may not be fully recoverable. Management believes there was no impairment of assets at December 31, 2021 and 2020.

(2) Summary of Significant Accounting Policies – continued

Predevelopment Costs

Predevelopment costs in the amount of \$1,102,087 and \$593,991 are capitalized in the Consolidated Statements of Financial Position as of December 31, 2021 and 2020, respectively. 2021 includes Plambeck Gardens and Woodland Hearth projects. Both projects are intended to be structured as tax credit limited partnerships.

Cash and Equivalents

Cash and cash equivalents include cash-on-hand, cash deposited with banks and financial institutions, and money market funds with maturities of three months or less. Cash equivalents are recorded at cost, which approximates market value.

Receivables and Bad Debts

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Tax Credit Fees

Certain of the Tax Credit Entities have received an allocation of Low-Income Housing Tax Credits ("LIHTC") for their qualifying rental property. The benefits of the LIHTC are provided to the Tax Credit Entities' owners through the Tax Credit Entities' annual federal income tax return filing and are not reflected in the accompanying consolidated financial statements.

The LIHTC is a 15-year credit that is generally claimed by the Tax Credit Entities over a 10-year period. The credit is a certain percentage (as determined by the Internal Revenue Service) of the qualified basis of the property. The Tax Credit Entities may only lease qualified units to tenants who meet certain income limits and whose rent payments also are restricted under guidelines set by the Internal Revenue Service.

Tax Credit Fees are recorded at cost and are amortized over a 15-year period. Accumulated amortization was \$212,829 and \$217,771 at December 31, 2021 and 2020, respectively. Amortization expense was \$30,410 and \$21,149 for the years ended December 31, 2021 and 2020, respectively.

(2) Summary of Significant Accounting Policies – continued

Bond Fees

Bond Fees related to the CPAH Joyce Limited Partnership will be amortized over the life of the bond funds that will be used to finance construction of the project.

Cash – Restricted

Restricted deposits at December 31 include the following:

	<u>2021</u>	<u>2020</u>
Construction reserve	\$ -	\$ 4,038,915
Operating reserves	1,236,786	848,374
Replacement reserves	1,231,414	1,188,879
Residual receipts reserve	16,502	83,682
Mortgage escrow and earnest money deposits	241,880	210,723
Other reserves	<u>110,000</u>	<u>110,000</u>
	<u>\$ 2,836,582</u>	<u>\$ 6,480,573</u>

Construction reserve. During the year ended December 31, 2019 Red Rock Creek Commons Limited Partnership received a capital contribution from its Limited Partner in the amount of \$5,029,000. The capital contribution is to be used for construction costs. At December 31, 2021 these funds have been spent in funding the closing of the project's permanent loan.

Operating reserves are required by certain limited partnership agreements. Such funds are available to pay operating expenses to the extent that collected gross revenues are insufficient for such purposes. Withdrawals from operating reserves generally require the approval and consent of the Investor Limited Partner.

Replacement reserves are required by various loan and regulatory agreements and are to be used for the replacement or repair of capital assets.

Residual receipts reserve is the accumulation of surplus cash, which is calculated annually and transferred to the account from operating cash after the year end for the two single-asset HUD projects. Disbursements from the reserve require approval of HUD.

Mortgage escrow deposits sufficient to pay annual property taxes and insurance when due are required by certain loan and regulatory agreements. Included is an earnest money deposit for the purchase of land.

Other reserves include funds set aside by tax credit entities in anticipation of required future secondary debt payments and also for any potential revenue deficits.

(2) Summary of Significant Accounting Policies – continued

Concentration of Credit Risk

CPAH and Affiliated Entities maintain cash balances with banks and other financial institutions which may exceed federal depository insurance limits. CPAH and Affiliated Entities have not experienced any losses from these accounts and do not believe that they are exposed to significant credit risk.

Fair Value of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments when it is practicable to estimate that value. The operations generated by the investment in real estate are subject to various government rules, regulations, and restrictions which make it impractical to estimate the fair value of the notes payable and related accrued interest. The carrying amount of other assets and liabilities reported on the statement of financial position that requires such disclosure approximates fair value.

The Financial Accounting Standards Board (FASB) Accounting Standards Codification established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The carrying amounts for cash, receivables, prepaid expenses, restricted cash, accounts payable and other accrued liabilities approximate their fair value due to their short maturities. It is impractical to estimate the fair value of financing fees, tax credit fees, and mortgages and notes payable because there are no quoted market prices for transactions that are similar in nature. In-kind donation of land during the year ended December 31, 2021 in the amount of \$500,000 was recorded at its appraised value net of estimated cost of demolition of an existing structure, which is Level 3.

(2) Summary of Significant Accounting Policies – continued

Federal and State Taxes

No provision for income taxes has been provided because CPAH is exempt from paying income taxes under Internal Revenue Code 501(c)(3) and is not classified as a private foundation. The income or loss from Limited Partnerships is reported by the partners on their income tax returns.

CPAH and its affiliates file returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Generally, tax filings are subject to federal and state examination for three years after they are filed. The returns filed for periods prior to December 31, 2018 are considered closed and management believes those returns are no longer subject to income tax examination. In the event penalties and interest are assessed by income taxing authorities, it is CPAH's policy to include these in operating expenses. No penalties and interest were assessed for the years ended December 31, 2021 and 2020.

Compensated Absences

Compensated absences for vacation pay are charged to expense when earned by the employee.

Advertising Expenses

Advertising costs are charged to expense as they are incurred.

(3) Reclassifications

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications did not change the total in net assets for the year ended December 31, 2020 as previously reported.

(4) Cash and Restricted Cash

Cash and restricted cash in the Statement of Cash Flows consist of the following:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$ 4,904,477</u>	<u>\$ 2,213,002</u>
Tenant security deposits	290,403	238,569
Cash restricted		
Construction reserve	-	4,038,915
Operating reserves	1,236,786	848,374
Replacement reserves	1,231,414	1,188,879
Residual receipts reserve	16,502	83,682

(4) Cash and Restricted Cash - continued

	<u>2021</u>	<u>2020</u>
Mortgage escrow deposits	\$ 241,880	\$ 210,723
Other reserves	<u>110,000</u>	<u>110,000</u>
Total tenant security deposit and restricted cash	<u>3,126,985</u>	<u>6,719,142</u>
 Total cash and restricted cash	 <u>\$ 8,031,462</u>	 <u>\$ 8,932,144</u>

(5) Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 4,904,477	\$ 2,213,002
Receivables - operating	142,428	139,565
Receivables - grants	<u>588,901</u>	<u>1,604,179</u>
Total financial assets	5,635,806	3,956,746
 Less amounts not available to be used within one year:		
Grants receivable – restricted	683,791	1,493,721
Donor designated net assets	<u>450,000</u>	<u>-</u>
Total amounts not available	<u>1,133,791</u>	<u>1,493,721</u>
 Financial assets available to meet general expenditures within one year:	 <u>\$ 4,502,015</u>	 <u>\$ 2,463,025</u>

CPAH regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period CPAH considers all expenditures related to its ongoing activities of property operations, housing education and outreach, resident services, housing development and asset management, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, CPAH budgets expenses considering available cash flow to cover them. Due to the multi-year developer fee cycle, earned income varies widely from year to year, and CPAH uses the cash received in one year to cover operating deficits in following years. Refer to the statements of cash flows, which identify the sources and uses of CPAH's cash flows and shows positive cash provided by operating activities for both 2021 and 2020.

(6) Receivables – Grants

Grants receivable at December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Oregon Housing Community Services		
Village Washington Square improvements	\$ 167,500	\$ 1,404,071
Cedar Grove Limited Partnership (CG) construction	-	60,324
City of Beaverton		
Community Development Block Grant	11,694	6,196
Meyer Memorial Trust		
Fund Development Grant	59,104	-
Washington County		
Community Development Block Grant	42,979	8,135
Community Housing Development Organization	23,222	51,070
Resident Services	284,402	-
Renewable Development Fund		
Red Rock Creek Common Limited Partnership (RRC)		
Solar Equipment	-	56,390
Energy Trust of Oregon		
CG and RRC solar equipment	-	17,993
	<u>\$ 588,901</u>	<u>\$ 1,604,179</u>

(7) Fixed Assets

Fixed assets at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 5,700,660	\$ 4,937,631
Site improvements	4,087,722	4,945,074
Building and improvements	72,003,108	69,905,150
Furnishings and equipment	2,090,683	2,076,525
Construction in progress	<u>3,196,778</u>	<u>938,670</u>
Total fixed assets	87,078,951	82,803,050
Less accumulated depreciation	<u>23,125,042</u>	<u>20,637,659</u>
Fixed assets – net	<u>\$ 63,953,909</u>	<u>\$ 62,165,391</u>

(8) Mortgages and Notes Payable

Mortgages and notes payable at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Washington County		
Mortgages payable generally out of project cash flow, interest ranging from 0% to 3%, maturing 2021 - 2053	\$ 8,181,640	\$ 7,949,209

(8) Mortgages and Notes Payable – continued

	<u>2021</u>	<u>2020</u>
Network for Oregon Affordable Housing		
Mortgages payable in aggregate monthly installments of \$22,629, interest ranging from 4.6% - 5.25%, maturing 2023 - 2042	\$ 5,555,379	\$ 3,733,329
Heritage Bank		
Mortgage payable monthly installment of \$25,717 interest greater of 2.25% or prime rate maturing 2032. Construction loan payable in 2020, refinanced as permanent loan in 2021	5,000,000	10,846,382
JP Morgan Chase Bank		
Mortgage payable monthly installments of \$16,641 maturing 2039. Construction loan payable in 2020, refinanced as permanent loan in 2021	3,951,218	7,275,078
Oregon Housing and Community Services		
Mortgages payable 0% interest, maturing 2051 - 2061	3,764,917	3,548,790
Portland Housing Bureau		
Mortgage payable out of project cash flow, interest ranging 0% - 0.5%, maturing 2022 - 2058	2,854,875	951,847
Walker & Dunlop		
Mortgage payable in monthly installments of \$8,276, interest 3.95%, maturing 2053	1,802,416	1,829,939
Banner Bank		
Mortgages payable in aggregate monthly installments of \$7,048, interest ranging from 3.25% to 4.5%, maturing 2028-2032	1,201,420	1,245,718
PNC Bank, N.A.		
Mortgage payable in monthly installments of \$9,989, interest 7.31%, maturing 2038	1,150,049	1,184,465
Umpqua Bank		
Mortgage payable monthly installments of \$3,626, interest ranging 2.47% to 4.5%, maturing 2023-2026	769,695	731,544
CJD Holdings		
Note payable interest 6.0% maturing 2024	698,215	-

(8) Mortgages and Notes Payable – continued

	<u>2021</u>	<u>2020</u>
Town Center Development Agency of the City of Tigard		
Note payable interest 2.0% maturing 2026	\$ 500,000	\$ -
Bank of the West		
Mortgages payable in aggregate monthly installments of \$3,314, interest 4.94%, maturing 2022	421,099	439,275
Walter Aman		
Note payable interest 5.5% maturing 2025	200,000	-
Cares Act – PPP Loan		
Payroll protection loan payable, interest 1%.		
Loan was forgiven in 2021	-	106,071
SBA Loan		
Note payable, interest 2.75%, monthly installments of \$641, maturing 2050. Loan paid-off in 2021.	-	150,000
	36,050,923	39,991,647
Less: unamortized debt issuance costs	771,296	438,149
	<u>\$ 35,279,627</u>	<u>\$ 39,553,498</u>

Debt issuance costs are being amortized to interest expense over the terms of the loans. Amortization expense for debt issuance costs during 2021 and 2020 was \$99,678 and \$152,804, respectively.

The above mortgages and notes payable are substantially collateralized by investments in real estate. A summary of mortgages and notes payable, net of unamortized debt issuance costs, by group of entities at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
CPAH	\$ 11,534,913	\$ 8,593,905
Tax Credit Entities	20,623,784	27,802,760
Single Asset HUD Projects	3,120,930	3,156,833
	<u>\$ 35,279,627</u>	<u>\$ 39,553,498</u>

Annual maturities of mortgages and notes payable for years subsequent to December 31, 2021 are as follows:

Year ending December 31,	
2022	\$ 1,026,587
2023	2,347,381
2024	1,229,942
2025	751,105
2026	1,681,071
Thereafter	29,014,837
	<u>\$ 36,050,923</u>

(9) In-Kind Contribution

In December 2021 CPAH received land donated by the city of Portland. The land was recorded at its appraised value less the estimated cost of demolishing an existing structure. The net amount recorded was \$500,000. The land was sold in December 2021 to CPAH Joyce Limited Partnership, of which CPAH is the General Partner, for \$500,000.

(10) Board Designated Net Assets

The Board of Directors established an operating reserve fund in the amount of \$450,000 during the year ended December 31, 2021.

(11) Net Assets with Donor Restriction

Net assets at December 31, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Oregon Housing and Community Services	\$ -	\$ 1,464,395
Washington County	421,261	23,130
City of Beaverton	203,426	6,196
Meyer Memorial Trust	59,104	-
	<u>\$ 683,791</u>	<u>\$ 1,493,721</u>

For 2021, the amounts for Washington County and City of Beaverton are restricted for resident and non-resident services, and Meyer Memorial Trust for fundraising manager's payroll costs. All amounts are restricted for future periods.

For 2020, the amount for Oregon Housing and Community Services was restricted for rehabilitation of The Village at Washington Square project. Washington County and City of Beaverton were restricted to resident and non-resident services. All amounts were released from restrictions in 2021.

(12) Paycheck Protection Program Loan

The Paycheck Protection Program ("PPP"), which was established under the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"), provides for loans to qualifying businesses and not-for-profit organizations for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP. CPAH is permitted to prepay or partially prepay the PPP loan at any time with no prepayment penalties. Under the terms of the CARES Act, PPP loan recipients can apply for, and be granted, forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations and ongoing rulemaking by the SBA, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility cost and the maintenance of employee and compensation levels.

(12) Paycheck Protection Program Loan - continued

During the year ended December 31, 2020 CPAH received loan proceeds under the PPP in the amount of \$106,071. The loan carried a fixed interest rate of 1% per annum. No payments were due under the loan for six months from the date of the first disbursement under the loan ("deferral period"), and interest continued to accrue during the deferral period. CPAH applied for forgiveness of the loan and was granted full forgiveness of the loan during the year ended December 31, 2021. Proceeds from the loan have been recorded as a financing activity on the Statements of Cash Flows during the year ended December 31, 2020. The loan forgiveness was recorded as operating activity on the Statements of Cash Flows during the year ended December 31, 2021.

(13) Commitments and Contingencies

Lease Commitment

The Barcelona at Beaverton project leases land and parking under the terms of a non-cancellable operating lease. The term of the lease is seventy-five years beginning October 2014 and ending October 2089. There is an option to extend for an additional twenty-four years. The lease calls for annual payments of \$30. If at any time the land ceases to be used as multifamily housing, primarily for persons of lower income, the minimum rent shall increase to \$12,000 per year in 2015 dollars adjusted annually to reflect changes in the Portland consumer price index, increasing 3% per year for the remainder of the lease term.

Grant and Property Use Restrictions

Certain of the properties operated by CPAH and Affiliated Entities were developed using funds provided by grants and low-interest rate loans. The terms of these grants and loans restrict the use of the property and generally require the property to be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grants or the loans may result in a requirement to repay a portion or all of the proceeds received.

Rental Assistance Contracts

Certain of the properties have entered into rental assistance contracts with HUD. The rental assistance contracts require that the property be operated as low-income housing and that any rent increases be approved by HUD.

Construction Commitments

CPAH entered into a construction contracts in 2021 for the total amount of \$15,750,148 related primarily to the construction of the Joyce project. As of December 31, 2021 \$932,119 has been completed, leaving estimated commitments of \$14,818,029.

(13) Commitments and Contingencies - continued

Other

As the general partner in various Limited Partnerships, CPAH may be subject to other liabilities should an affected partnership's assets become insufficient to meet its obligations. This includes guarantees to fund future operating deficits of certain Tax Credit Entities over the periods as defined under the limited partnership agreements. The operating deficit guarantee periods typically require the Limited Partnerships to meet certain conditions based on the operational results. CPAH has not been required to fund any amounts associated with the operating deficit guarantees to date.

(14) Property Tax Exemption

All of the affiliates' low-income housing projects have been granted exemption from real property taxes. Property tax exemptions are generally granted annually and there is no assurance the exemption will continue in future years. The savings from the property tax exemptions has not been determined. In the opinion of management, the projects will continue to be granted exemption from real property taxes.

(15) Current Vulnerability Due To Certain Concentrations

CPAH's operations are concentrated in the multifamily real estate market. Operations of the projects are in a heavily regulated environment. The operations of the projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

(16) Retirement Plan

CPAH established a 403(b) retirement plan covering substantially all employees. Under the plan, CPAH's employees can elect to defer compensation up to limits established by the Internal Revenue Code. CPAH contributes 5% of an employee's salary to the plan. Contributions made by CPAH amounted to \$37,785 and \$29,052 during the years ended December 31, 2021 and 2020, respectively.

(17) Tax Credit Entity Termination

On July 31, 2020 the Limited Partner of Oleson Woods LP exited the partnership and CPAH became the sole owner. The assets and liabilities of Oleson Woods LP were merged into CPAH at book value.

(18) COVID-19

CPAH's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on CPAH's financial position, activities, and cash flows. Possible effects may include, but are not limited to, loss of funding and absenteeism in CPAH's staff. However, management of CPAH believes it has taken necessary precautions and should not be significantly affected.

(19) Subsequent Events

Management of CPAH has evaluated events and transactions occurring after December 31, 2021 through September 27, 2022, the date the consolidated financial statements were available for issuance, for potential recognition or disclosure in the consolidated financial statements and has concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

AUDITED SUPPLEMENTARY INFORMATION

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

December 31, 2021

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

ASSETS	CPAH	TAX CREDIT ENTITIES	SINGLE ASSET HUD PROJECTS	ELIMINATIONS	CONSOLIDATED
Cash	\$ 3,322,663	\$ 1,433,277	\$ 148,537		\$ 4,904,477
Cash - restricted	539,420	1,940,865	356,297		2,836,582
Receivables - operating	90,723	31,179	20,526		142,428
Receivables - grants	588,901	-	-		588,901
Prepaid expenses	19,791	22,694	7,993		50,478
Tenant security deposits	118,666	135,389	36,348		290,403
Predevelopment costs	1,102,087	-	-		1,102,087
Land held for development	2,763,505	-	-		2,763,505
Bond fee		207,250	-		207,250
Tax credit fees - net		369,706	-		369,706
Receivables from affiliates	9,283,480	-	-	(9,283,480)	-
Investments in affiliates	553,844	-	-	(553,844)	-
Subtotal	18,383,080	4,140,360	569,701	(9,837,324)	13,255,817
Fixed assets					
Land and improvements	1,664,333	4,386,076	323,603	(673,352)	5,700,660
Site improvements	1,571,457	2,241,807	274,458		4,087,722
Buildings and improvements	19,297,480	52,485,859	8,446,185	(8,226,416)	72,003,108
Furnishings and equipment	505,474	1,342,067	243,142		2,090,683
Construction in progress	34,044	3,162,734			3,196,778
Total fixed assets	23,072,788	63,618,543	9,287,388	(8,899,768)	87,078,951
Less accumulated depreciation	11,468,943	9,452,682	3,098,773	(895,356)	23,125,042
Fixed assets - net	11,603,845	54,165,861	6,188,615	(8,004,412)	63,953,909
Total Assets	\$ 29,986,925	\$ 58,306,221	\$ 6,758,316	\$ (17,841,736)	\$ 77,209,726

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

December 31, 2021

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

LIABILITIES AND NET ASSETS	CPAH	TAX CREDIT ENTITIES	SINGLE ASSET HUD PROJECTS	ELIMINATIONS	CONSOLIDATED
Liabilities					
Accounts payable	31,034	\$ 97,094	\$ 5,939	\$	134,067
Accounts payable- construction and improvements	254,024	-	-		254,024
Accrued liabilities	114,495	28,238	-		142,733
Prepaid rents	53,588	27,196	10,751		91,535
Refundable security deposits	117,219	136,012	35,391		288,622
Mortgages and notes payable	11,534,913	20,623,784	3,120,930		35,279,627
Accrued interest	421,462	137,133	89,565		648,160
Deferred revenue	220,000	-	-	(220,000)	-
Payables to affiliates		9,273,880	9,600	(9,283,480)	-
Total Liabilities	12,746,735	30,323,337	3,272,176	(9,503,480)	36,838,768
Net Assets					
Without donor restriction					
Controlling interests	16,106,399	553,844	3,486,140	(9,233,612)	10,912,771
Board designated	450,000	-	-		450,000
Noncontrolling interests	-	27,429,040	-	895,356	28,324,396
Total Without donor restriction	16,556,399	27,982,884	3,486,140	(8,338,256)	39,687,167
With donor restriction - controlling	683,791	-	-	-	683,791
Total Net Assets	17,240,190	27,982,884	3,486,140	(8,338,256)	40,370,958
Total Liabilities and Net Assets	\$ 29,986,925	\$ 58,306,221	\$ 6,758,316	\$ (17,841,736)	\$ 77,209,726

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Year Ended December 31, 2021

CONSOLIDATING STATEMENT OF ACTIVITIES

	CPAH	TAX CREDIT ENTITIES	SINGLE ASSET HUD PROJECTS	ELIMINATIONS	CONSOLIDATED
Support and Revenues					
Support					
Grants	\$ 1,504,107	\$ -	\$ 13,280	\$ -	\$ 1,517,387
In-Kind Contributions	500,000		-		500,000
Contributions	31,322	-	-	-	31,322
Total Support	2,035,429	-	13,280	-	2,048,709
Revenues					
Net rental revenue	1,563,416	2,544,216	785,282		4,892,914
Laundry and tenant charges	39,870	28,279	9,038		77,187
Fees and losses - affiliates	1,645,127	-	-	(1,645,127)	-
Interest income	536	1,746	71		2,353
Interest income - affiliates	195,656	-	-	(195,656)	-
Special events - net of expenses	99,605	-	-		99,605
Gain on sale of assets	-	-	-		-
Debt forgiveness	106,071	-	-		106,071
Other revenue	59,864	-	4,183	(31,029)	33,018
Total Revenues	3,710,145	2,574,241	798,574	(1,871,812)	5,211,148
Total Support and Revenues	5,745,574	2,574,241	811,854	(1,871,812)	7,259,857
Expenses					
Personnel costs	1,212,032	373,536	141,924		1,727,492
Administrative expenses	75,279	86,213	38,782		200,274
Bad Debt expense	13,000	-	10,000		23,000
Fees- affiliates	-	155,087	70,040	(225,127)	-
Fees-limited partners	-	22,383	-		22,383
Grant expenditures	70,318	-	-		70,318
Insurance	88,398	123,405	54,233		266,036
Interest expense	300,998	621,165	106,483		1,028,646
Interest expense - affiliates	-	195,656	-	(195,656)	-
Maintenance and repairs	290,522	505,501	131,167	-	927,190
Monitoring fees-LIHTC	8,087	9,531	-		17,618
Professional fees	391,269	124,380	23,038		538,687
Program supplies	14,712	-	-		14,712
Property management fee	83,903	116,728	51,016		251,647
Real property taxes	4,909	-	-		4,909
Telephone and internet	36,986	34,812	4,445		76,243
Travel, training and meetings	8,598	1,051	-		9,649
Utilities	275,655	333,232	116,925		725,812
Total Expenses before depreciation and amortization	2,874,666	2,702,680	748,053	(420,783)	5,904,616
Change in Net Assets before depreciation and amortization	2,870,908	(128,439)	63,801	(1,451,029)	1,355,241
Depreciation and Amortization					
Depreciation	668,716	1,712,554	221,635	(177,691)	2,425,214
Amortization	-	30,410	-	-	30,410
Total Depreciation and Amortization	668,716	1,742,964	221,635	(177,691)	2,455,624
Change in Net Assets	\$ 2,202,192	\$ (1,871,403)	\$ (157,834)	\$ (1,273,338)	\$ (1,100,383)

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Year Ended December 31, 2021

CPAH STATEMENT OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES						SUPPORT SERVICES			
	PROPERTY OPERATIONS	HOUSING EDUCATION & OUTREACH	RESIDENT SERVICES	HOUSING DEVELOPMENT	ASSET MANAGEMENT	TOTAL	MANAGEMENT & GENERAL	FUND- RAISING	TOTAL	GRAND TOTALS
Personnel costs	\$ 190,934	\$ 96,328	\$ 328,320	\$ 381,315	\$ 106,420	\$ 1,103,317	\$ 67,928	\$ 40,787	\$ 108,715	\$ 1,212,032
Administrative expenses	35,227	2,624	6,016	24,701	605	69,173	5,768	338	6,106	75,279
Bad debt expense	13,000	-	-	-	-	13,000	-	-	-	13,000
Grant expenditures	-	-	-	-	70,318	70,318	-	-	-	70,318
Insurance	76,069	468	2,507	5,714	908	85,666	2,479	253	2,732	88,398
Interest expense	169,142	1,767	9,137	112,347	2,237	294,630	5,370	998	6,368	300,998
Maintenance and repairs	290,522	-	-	-	-	290,522	-	-	-	290,522
Monitoring fees	8,087	-	-	-	-	8,087	-	-	-	8,087
Professional fees	38,525	-	7,763	240,480	1,748	288,516	102,753	-	102,753	391,269
Program supplies	845	-	13,841	-	-	14,686	-	26	26	14,712
Property management fee	83,903	-	-	-	-	83,903	-	-	-	83,903
Real property taxes	4,909	-	-	-	-	4,909	-	-	-	4,909
Telephone and internet	14,068	1,291	5,890	4,107	1,201	26,557	9,696	733	10,429	36,986
Travel, training and meetings	751	120	1,611	-	109	2,591	5,599	408	6,007	8,598
Utilities	273,715	150	787	605	196	275,453	107	95	202	275,655
Functional Expenses before depreciation	1,199,697	102,748	375,872	769,269	183,742	2,631,328	199,700	43,638	243,338	2,874,666
Depreciation	591,102	2,392	12,545	9,714	3,069	618,822	48,377	1,517	49,894	668,716
Totals before fundraising event expenses	1,790,799	105,140	388,417	778,983	186,811	3,250,150	248,077	45,155	293,232	3,543,382
Fundraising event expenses	-	-	-	-	-	-	-	15,387	15,387	15,387
Total Expenses	1,790,799	105,140	388,417	778,983	186,811	3,250,150	248,077	60,542	308,619	3,558,769
Percentage of 2021 Grand Totals	50.3%	3.0%	10.9%	21.9%	5.2%	91.3%	7.0%	1.7%	8.7%	100.0%

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

December 31, 2021

CPAH STATEMENT OF FINANCIAL POSITION

ASSETS	CPAH	SINGLE FAMILY	GREENBURG OAKS	OLESON WOODS	VILLAGE @ WASH SQUARE	ELIMINATIONS	CPAH TOTAL
Cash	\$ 2,532,945	\$ 109,378	\$ 496,585	\$ 29,985	\$ 153,770		\$ 3,322,663
Time certificate of deposit	-	-	-	-	-		-
Cash - restricted	-	-	205,436	166,887	167,097		539,420
Receivables - operating-net	21,613	-	45,479	9,209	14,422		90,723
Receivables - grants	588,901	-	-	-	-		588,901
Prepaid expenses	10,907	-	5,073	1,938	1,873		19,791
Tenant security deposits	975	4,616	68,883	25,099	19,093		118,666
Predevelopment costs	1,102,087	-	-	-	-		1,102,087
Land held for development	2,763,505						2,763,505
Tax credit fees - net	-	-	-	-	-		-
Receivables from affiliates	11,564,609	-	1,867,812		-	(4,148,941)	9,283,480
Investments in affiliates	563,788	-			-	(9,944)	553,844
Subtotal	19,149,330	113,994	2,689,268	233,118	356,255	(4,158,885)	18,383,080
Fixed assets							
Land and improvements	11,865	309,376	406,000	518,475	418,617		1,664,333
Site improvements	700,044	-	312,082	559,331	-		1,571,457
Buildings and improvements	1,375,119	458,077	8,676,692	4,309,821	6,196,496	(1,718,725)	19,297,480
Furnishings and equipment	56,426	4,801	123,737	227,303	93,207		505,474
Construction in progress	34,044	-			-		34,044
Total fixed assets	2,177,498	772,254	9,518,511	5,614,930	6,708,320	(1,718,725)	23,072,788
Less accumulated depreciation	841,882	170,507	6,618,333	2,511,855	2,015,190	(688,824)	11,468,943
Fixed assets - net	1,335,616	601,747	2,900,178	3,103,075	4,693,130	(1,029,901)	11,603,845
Total Assets	\$ 20,484,946	\$ 715,741	\$ 5,589,446	\$ 3,336,193	\$ 5,049,385	\$ (5,188,786)	\$ 29,986,925

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

December 31, 2021

CPAH STATEMENT OF FINANCIAL POSITION - CONTINUED

LIABILITIES AND NET ASSETS	CPAH	SINGLE FAMILY	GREENBURG OAKS	OLESON WOODS	VILLAGE @ WASH SQUARE	ELIMINATIONS	CPAH TOTAL
Liabilities							
Accounts payable	\$ 24,535	\$ 830	\$ 2,801	\$ -	\$ 2,868		\$ 31,034
Accounts payable- project improvements	254,024	-	-	-	-		254,024
Accrued liabilities	112,134	-	-	649	1,712		114,495
Prepaid rents	-	123	45,582	5,009	2,874		53,588
Refundable security deposits	975	4,616	68,424	25,099	18,105		117,219
Mortgages and notes payable	3,532,824	32,374	4,877,243	1,619,447	1,473,025		11,534,913
Accrued interest	84,446	-	206,854	3,763	126,399		421,462
Deferred revenue	220,000	-	-	-	-		220,000
Payables to affiliates	-	-	-	649,148	3,499,793	(4,148,941)	-
Total Liabilities	4,228,938	37,943	5,200,904	2,303,115	5,124,776	(4,148,941)	12,746,735
Net Assets							
Without donor restriction							
Controlling interests	15,122,217	677,798	388,542	1,033,078	(75,391)	(1,039,845)	16,106,399
Board designated	450,000	-	-	-	-	-	450,000
Noncontrolling interests	-	-	-	-	-	-	-
Total Without donor restriction	15,572,217	677,798	388,542	1,033,078	(75,391)	(1,039,845)	16,556,399
With donor restriction - controlling	683,791	-	-	-	-	-	683,791
Total Net Assets	16,256,008	677,798	388,542	1,033,078	(75,391)	(1,039,845)	17,240,190
Total Liabilities and Net Assets	\$ 20,484,946	\$ 715,741	\$ 5,589,446	\$ 3,336,193	\$ 5,049,385	\$ (5,188,786)	\$ 29,986,925

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING, INC.

Year Ended December 31, 2021

CPAH STATEMENT OF ACTIVITIES

	CPAH	SINGLE FAMILY	GREENBURG OAKS	OLESON WOODS	VILLAGE @ WASH SQUARE	ELIMINATIONS	CPAH TOTAL
Support and Revenues							
Support							
Grants	\$ 1,504,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,504,107
Contributions	31,322	-	-	-	-	-	31,322
In-kind contributions	500,000	-	-	-	-	-	500,000
Total Support	2,035,429	-	-	-	-	-	2,035,429
Revenues							
Net rental revenue	21,300	46,960	923,758	320,611	250,787		1,563,416
Laundry and tenant charges	-	593	31,944	3,102	4,231		39,870
Fees and losses - affiliates	2,341,222	-	-	-	-	(696,095)	1,645,127
Interest income	510	3	7	7	9		536
Interest income - affiliates	214,028	-	-	-	-	(18,372)	195,656
Debt forgiveness	106,071	-	-	-	-		106,071
Special events - net of expenses	99,605	-	-	-	-		99,605
Gain on sale of assets	-	-	-	-	-		-
Other revenue	59,864	-	-	-	-		59,864
Total Revenues	2,842,600	47,556	955,709	323,720	255,027	(714,467)	3,710,145
Total Support and Revenues	4,878,029	47,556	955,709	323,720	255,027	(714,467)	5,745,574
Expenses							
Personnel costs	1,021,099	40	126,431	41,111	23,351		1,212,032
Administrative expenses	36,450	4,183	20,877	7,368	6,401		75,279
Bad Debt expense	-	-	11,000	-	2,000		13,000
Fees- affiliates	-	-	20,004	-	16,688	(36,692)	-
Fees-limited partners	-	-	-	-	-		-
Grant expenditures	70,318	-	-	-	-		70,318
Insurance	14,852	4,160	41,395	14,471	13,520		88,398
Interest expense	132,771	1,821	81,809	45,498	39,099		300,998
Interest expense - affiliates	-	-	-	18,372	-	(18,372)	-
Maintenance and repairs	5,240	19,889	175,296	70,940	19,157		290,522
Monitoring fees-LIHTC	-	-	3,780	2,195	2,112		8,087
Professional fees	352,743	-	15,501	17,049	5,976		391,269
Program supplies	13,867	-	-	845	-		14,712
Property management fee	919	3,600	50,060	16,739	12,585		83,903
Real property taxes	4,909	-	-	-	-		4,909
Telephone and internet	22,917	-	3,753	6,181	4,135		36,986
Travel, training and meetings	7,847	-	572	-	179		8,598
Utilities	1,941	89	139,314	80,242	54,069		275,655
Total Expenses before depreciation and amortization	1,685,873	33,782	689,792	321,011	199,272	(55,064)	2,874,666
Change in Net Assets before depreciation and amortization	3,192,156	13,774	265,917	2,709	55,755	(659,403)	2,870,908
Depreciation and Amortization							
Depreciation	84,172	14,101	330,653	110,233	168,996	(39,439)	668,716
Amortization	-	-	-	-	-	-	-
Total Depreciation and Amortization	84,172	14,101	330,653	110,233	168,996	(39,439)	668,716
Change in Net Assets	\$ 3,107,984	\$ (327)	\$ (64,736)	\$ (107,524)	\$ (113,241)	\$ (619,964)	\$ 2,202,192

**INDEPENDENT AUDITOR'S 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**

September 27, 2022

Board of Directors
Community Partners for Affordable Housing, Inc.
Tigard, Oregon

I 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 financial statements of Community Partners for Affordable Housing, Inc. (CPAH, Inc.) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued my report thereon dated September 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the consolidated financial statements, I considered CPAH, 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 my opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPAH, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of CPAH, Inc.'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Mark Schwing CPA PC