

Preservation of Affordable Housing, Inc. and Subsidiaries

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

December 31, 2020



Preservation of Affordable Housing, Inc. and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Preservation of Affordable Housing, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of certain Subsidiaries, which statements reflect total assets of \$325,522,185 as of December 31, 2020 and total revenues of \$49,477,867 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Subsidiaries, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Preservation of Affordable Housing, Inc. and Subsidiaries as of December 31, 2020, and the results of their activities, changes in net assets, and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Preservation of Affordable Housing, Inc. and Subsidiaries' consolidated statements of activities, functional expenses, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year end December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 2020 supplementary information on pages 40 to 57 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Boston, Massachusetts
June 30, 2021

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Current assets		
Cash and cash equivalents	\$ 54,847,515	\$ 38,724,829
Restricted cash	3,285,278	1,999,611
Reserves	4,946,482	5,516,493
Restricted reserves	1,940,887	1,423,161
Accounts receivable		
Rental - tenants and subsidy	4,089,148	2,223,576
Grants receivable	1,515,000	262,300
Properties, net of allowance for doubtful accounts	407,918	977,440
Other	2,607,627	1,732,702
Escrow deposits	129,343,971	92,590,133
Tenant security deposits	4,188,732	3,868,614
Prepaid expenses	2,857,476	1,717,905
Predevelopment costs reimbursable, current	12,264,142	11,164,652
Total current assets	<u>222,294,176</u>	<u>162,201,416</u>
Other assets		
Notes receivable, net of discount	28,472,750	8,407,000
Investment in partnerships	1,305,610	1,327,160
Predevelopment costs reimbursable, net of current	2,615,895	3,593,298
Other assets	5,514,742	5,943,592
Total other assets	<u>37,908,997</u>	<u>19,271,050</u>
Fixed assets		
Land and buildings	1,246,825,979	1,142,339,771
Rehabilitation in progress	46,283,817	60,844,444
Furniture, equipment and leasehold improvements	22,800,524	19,564,539
Less: Accumulated depreciation	<u>(248,426,915)</u>	<u>(216,752,897)</u>
Total fixed assets	<u>1,067,483,405</u>	<u>1,005,995,857</u>
Total assets	<u><u>\$ 1,327,686,578</u></u>	<u><u>\$ 1,187,468,323</u></u>

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Liabilities		
Current liabilities		
Accounts payable	\$ 9,295,536	\$ 6,413,934
Accrued expenses	12,951,067	12,670,101
Accounts payable - development	17,169,804	14,945,791
Accrued interest	2,433,238	2,300,625
Mortgages payable - properties, current	51,911,404	8,682,497
Construction loans - properties, current	38,180,034	48,162,954
Loan payable, current	6,245,774	7,804,138
Line of credit, current	2,076,722	2,932,975
Deferred liabilities, current	32,419	13,294
Tenant security deposits	3,872,731	3,607,116
Prepaid revenue	1,817,863	1,432,141
Due to affiliates	367,678	1,144,252
Total current liabilities	146,354,270	110,109,818
Long-term liabilities		
Loans and notes payable, net of current	37,981,839	21,380,712
Line of credit, net of current	751,929	898,686
Accrued interest payable - notes payable	957,290	890,157
Notes payable and accrued interest - properties	312,383,151	255,699,728
Mortgages payable - properties, net of current	541,165,837	516,777,375
Interest rate swap	997,934	1,020,721
Deferred liabilities, net of current	421,913	256,425
Deferred income	11,790,184	12,792,770
Total long-term liabilities	906,450,077	809,716,574
Total liabilities	1,052,804,347	919,826,392
Net assets		
Net assets without donor restrictions controlling	44,465,265	50,353,846
Net assets without donor restrictions noncontrolling	222,764,498	211,655,485
Total net assets without donor restrictions	267,229,763	262,009,331
Net assets with donor restrictions	7,652,468	5,632,600
Total net assets	274,882,231	267,641,931
Total liabilities and net assets	\$ 1,327,686,578	\$ 1,187,468,323

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidated Statements of Activities
Year ended December 31, 2020 (with summarized comparative totals for 2019)

	Net assets without donor restrictions	Net assets with donor restrictions	Total 2020	Total 2019
Support and revenue				
Rental income	\$ 156,844,937	\$ -	\$ 156,844,937	\$ 142,183,620
Grant income	633,943	2,701,125	3,335,068	1,234,087
Grant income, capital investments	151,581	-	151,581	603,592
Contribution income	-	25,000	25,000	14,055
Developer fee revenue	4,267,811	-	4,267,811	2,505,946
State tax credit proceeds	-	-	-	736,000
Property management and related fees	1,336,396	-	1,336,396	1,549,306
Reimbursable salaries and expenses	889,267	-	889,267	953,877
Loss on sale	-	-	-	(125,216)
Interest income	902,219	-	902,219	1,408,320
Loss on investment in partnership	(93,710)	-	(93,710)	(131,075)
Investment income	(1,781)	-	(1,781)	(9,253)
Other income	4,825,164	215,846	5,041,010	3,618,405
	<u>169,755,827</u>	<u>2,941,971</u>	<u>172,697,798</u>	<u>154,541,664</u>
Net assets released from restrictions	922,103	(922,103)	-	-
Total support and revenue	<u>170,677,930</u>	<u>2,019,868</u>	<u>172,697,798</u>	<u>154,541,664</u>
Expenses				
Personnel	17,477,030	-	17,477,030	16,417,943
Development expense	2,979,008	-	2,979,008	1,933,100
Professional services	1,191,234	-	1,191,234	1,356,788
Contributions and grants made	123,894	-	123,894	66,077
Rental	1,270,421	-	1,270,421	1,109,885
Taxes and insurance	441,849	-	441,849	463,117
Travel and lodging	313,760	-	313,760	919,619
Interest	1,856,114	-	1,856,114	1,503,758
Reimbursable salaries and expenses	889,267	-	889,267	953,877
Property operations	93,956,772	-	93,956,772	87,186,822
Property mortgage interest	39,652,610	-	39,652,610	36,527,913
Office and administration	1,236,011	-	1,236,011	1,482,168
Depreciation and amortization	31,786,108	-	31,786,108	27,774,925
Community impact	2,122,626	-	2,122,626	2,468,211
Bad debt expense	232,676	-	232,676	304,623
Miscellaneous	93,822	-	93,822	109,790
Total expenses	<u>195,623,202</u>	<u>-</u>	<u>195,623,202</u>	<u>180,578,616</u>
Excess of (expenses over revenue) revenue over expenses	<u>(24,945,272)</u>	<u>2,019,868</u>	<u>(22,925,404)</u>	<u>(26,036,952)</u>
Excess of expenses over revenue attributable to noncontrolling interests	<u>(17,963,895)</u>	<u>-</u>	<u>(17,963,895)</u>	<u>(20,305,039)</u>
Excess of (expenses over revenue) revenue over expenses attributable to the Company	<u>\$ (6,981,377)</u>	<u>\$ 2,019,868</u>	<u>\$ (4,961,509)</u>	<u>\$ (5,731,913)</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses
Year ended December 31, 2020 (with summarized comparative totals for 2019)

	2020			2019	
	Real estate ownership	Management and general	Fundraising	Total	Total
Personnel	\$ 16,109,874	\$ 1,300,968	\$ 66,188	\$ 17,477,030	\$ 16,417,943
Development expense	2,979,008	-	-	2,979,008	1,933,100
Professional services	1,191,234	-	-	1,191,234	1,356,788
Contributions and grants made	123,894	-	-	123,894	66,077
Rental	1,171,041	94,569	4,811	1,270,421	1,109,885
Taxes and insurance	407,285	32,891	1,673	441,849	463,117
Travel and lodging	290,404	23,356	-	313,760	919,619
Interest	1,856,114	-	-	1,856,114	1,503,758
Reimbursable salaries and expenses	889,267	-	-	889,267	953,877
Property operations	93,956,772	-	-	93,956,772	87,186,822
Property mortgage interest	39,652,610	-	-	39,652,610	36,527,913
Office and administration	1,139,323	92,007	4,681	1,236,011	1,482,168
Depreciation and amortization	31,786,108	-	-	31,786,108	27,774,925
Community impact	2,052,312	-	70,314	2,122,626	2,468,211
Bad debt expense	232,676	-	-	232,676	304,623
Miscellaneous	86,483	6,984	355	93,822	109,790
	<u>\$ 193,924,405</u>	<u>\$ 1,550,775</u>	<u>\$ 148,022</u>	<u>\$ 195,623,202</u>	<u>\$ 180,578,616</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statements of Changes in Net Assets
Years ended December 31, 2020 and 2019**

	Net assets without donor restrictions			Net assets with donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2019	\$ 53,222,916	\$ 205,917,397	\$ 259,140,313	\$ 5,610,307	\$ 264,750,620
Acquisition of ownership interest	12,390	-	12,390	-	12,390
Transfer of limited partnership interest to noncontrolling	531,258	(531,258)	-	-	-
Capital contributions from noncontrolling interests	-	27,031,545	27,031,545	-	27,031,545
Distributions to noncontrolling interests	-	(457,160)	(457,160)	-	(457,160)
Adjustment for change in accounting principle	2,341,488	-	2,341,488	-	2,341,488
Excess of expenses over revenue attributable to noncontrolling interests	-	(20,305,039)	(20,305,039)	-	(20,305,039)
Excess of expenses over revenue attributable to the Company	(5,754,206)	-	(5,754,206)	22,293	(5,731,913)
Ending balance, December 31, 2019	50,353,846	211,655,485	262,009,331	5,632,600	267,641,931
Acquisition of ownership interest	2,981,277	-	2,981,277	-	2,981,277
Transfer of limited partnership interest to noncontrolling	(1,888,481)	1,888,481	-	-	-
Capital contributions from noncontrolling interests	-	28,155,499	28,155,499	-	28,155,499
Distributions to noncontrolling interests	-	(971,072)	(971,072)	-	(971,072)
Excess of expenses over revenue attributable to noncontrolling interests	-	(17,963,895)	(17,963,895)	-	(17,963,895)
Excess of expenses over revenue attributable to the Company	(6,981,377)	-	(6,981,377)	2,019,868	(4,961,509)
Ending balance, December 31, 2020	<u>\$ 44,465,265</u>	<u>\$ 222,764,498</u>	<u>\$ 267,229,763</u>	<u>\$ 7,652,468</u>	<u>\$ 274,882,231</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Excess of expenses over revenue	\$ (22,925,404)	\$ (26,036,952)
Adjustments to reconcile excess of expenses over revenue to net cash provided by operating activities		
Loss on investment in partnership	(93,710)	(131,075)
Investment (loss) income	(1,781)	1,851
Depreciation and amortization	31,786,109	27,774,925
Effective interest adjustment	1,579,890	1,624,422
Change in fair market value of interest rate swaps	(22,787)	175,014
Loss on sale of properties	-	248,522
Forgiveness of debt	(771,946)	(574,311)
Deferred income	-	(872,359)
Changes in		
Accounts receivable	(3,423,549)	(1,367,515)
Prepaid expenses and other assets	(1,124,939)	(380,865)
Predevelopment costs reimbursable	(122,087)	(3,007,300)
Accounts payable and accrued expenses	3,360,402	3,728,925
Prepaid and deferred revenues	2,907,172	8,298,524
Tenant security deposits	265,615	301,848
Due to affiliates, net	(904,814)	858,545
	10,508,171	10,642,199
Net cash provided by operating activities		
Cash flows from investing activities		
Escrow deposits and restricted reserves, net	(36,752,737)	(12,812,873)
Advances on notes receivable and accrued interest	(35,372,713)	-
Repayments of notes receivable and accrued interest	11,521,733	-
Contributions to partnerships	(73,941)	-
Cash paid for fixed assets	(83,277,965)	(150,001,943)
	(143,955,623)	(162,814,816)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from line of credit	330,000	6,357,426
Payments on line of credit	(1,293,831)	(4,365,102)
Proceeds from notes and mortgages payable	206,913,689	197,421,815
Payment on notes and mortgages payable	(76,030,857)	(62,184,147)
Deferred income	(3,339,423)	(1,717,365)
Debt issuance costs paid	(2,385,924)	(1,550,151)
Syndication costs and tax credit fees paid	(253,343)	(144,903)
Distributions paid to minority partners	(971,072)	(457,160)
Minority partners' capital contributions received	28,155,499	27,031,545
	151,124,738	160,391,958
Net cash provided by financing activities		

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net increase in cash, cash equivalents and restricted cash	\$ 17,677,286	\$ 8,219,341
Cash, cash equivalents, and restricted cash, beginning of year	<u>51,525,808</u>	<u>43,306,467</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 69,203,094</u>	<u>\$ 51,525,808</u>
Supplemental disclosure of cash flow activities		
Cash paid for interest	<u>\$ 29,657,334</u>	<u>\$ 28,411,783</u>
Schedule of noncash investing activities		
Fixed asset costs incurred	\$ 83,001,660	\$ 157,703,947
Fixed assets sold in connection with common control transaction	(15,366,867)	(2,105,853)
Accounts payable - development, beginning of year	105,048,632	8,995,537
Accounts payable - development, end of year	<u>(89,405,460)</u>	<u>(14,591,688)</u>
Cash paid for fixed assets	<u>\$ 83,277,965</u>	<u>\$ 150,001,943</u>
Deferred liability included in residual receipts escrow	<u>\$ 334,947</u>	<u>\$ 5,311</u>
Schedule of noncash financing activities		
(Decrease) increase in liabilities due to interest rate swap	<u>\$ (22,787)</u>	<u>\$ 175,014</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements Years Ended December 31, 2020 and 2019

Note 1 - Organization

Preservation of Affordable Housing, Inc., ("POAH" or the "Company") was created to do exactly what its name suggests, preserve affordable housing stock. The Company is dedicated to the acquisition of and long-term ownership and operation of existing affordable housing properties.

The Company conducts its development and property management business through Preservation of Affordable Housing LLC ("POAH LLC") and its wholly owned subsidiary, POAH Communities LLC ("POAHC LLC"). The Company is located in Boston, Massachusetts, Kansas City, Missouri, Chicago, Illinois and Washington, DC.

At December 31, 2020, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 147 entities that own, in the aggregate 12,140 units of affordable housing. POAH LLC is the managing member of POAH/Trinity Loan Holding Company, LLC ("PTLHC") and the sole member of POAH Woodlawn Station Master Tenant, LLC ("PWSMT"). At December 31, 2019, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 135 entities that own, in the aggregate 11,420 units of affordable housing.

Note 2 - Summary of significant accounting policies

Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Company and its core operating subsidiaries, POAH LLC, POAHC LLC, PTLHC and PWSMT. The statements include those 64 entities in which the Company has a 100% ownership interest ("Wholly Owned"). Additionally, in accordance with ASC-810-20, "Control of Partnership and Similar Entities", as described below, the statements include the assets, liabilities, net assets and financial activities of 76 entities in which POAH or affiliates serve as General Partner or Managing Member.

The accompanying 2020 and 2019 consolidated financial statements include the assets, liabilities, equity and financial activities of those limited partnerships and limited liability companies where the Company generally owns a .01 - 1% general partner or managing member interest and represent all properties in which POAH or affiliates act as general partner or managing member and in which third party investors have substantial economic interests ("LP"). All significant inter-company balances and transactions between the Company and the entities have been eliminated in consolidation. Net assets without donor restricted noncontrolling on the accompanying consolidated financial statements reflects the proportional share of equity and operations that is not attributable to the Company's interest in these entities. The limited partnerships and limited liability companies are detailed in note 16.

Net asset classification

The company reports information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and with donor restrictions. They are described as follows:

Net assets without donor restrictions – net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions.

Net Assets with donor restrictions – net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2020 and 2019

met by the passage of time, purpose, or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash equivalents

The company considers all highly investments purchased with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates market value.

Depreciation

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated asset lives. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Debt issuance costs

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

Tax credit and in-place leases

Tax credit compliance monitoring fees are costs related to obtaining low-income housing tax credits, which are being amortized over the mandatory 15-year compliance period. In-place leases are amortized over one year. Unamortized tax credit fees and in-place leases are included in other assets on the consolidated statement of financial position. Amortization expense for the years ended December 31, 2020 and 2019 totaled \$1,530,708 and \$627,143, respectively, and accumulated amortization totaled \$4,795,877 and \$3,708,586, respectively.

Estimated amortization expense for each of the ensuing five years through December 31, 2025 is as follows:

Years	Wholly Owned	LP	Total
2021	\$ 7,259	\$ 318,341	\$ 325,600
2022	7,259	316,504	323,763
2023	7,259	304,487	311,746
2024	7,259	286,133	293,392
2025	7,259	277,285	284,544

Accounts receivable

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Grants receivable

Grants receivable represents costs incurred on cost reimbursable grants that will be billed after December 31, 2020. Grant receivable are stated at the amount management expects to be collected

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2020 and 2019

from the outstanding balance. As of December 31, 2020, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Predevelopment costs reimbursable

The Company carries all third-party costs associated with the potential acquisition of investment properties as predevelopment costs reimbursable. Costs associated with potential acquisitions that are not deemed probable to be recovered are expensed.

Noncontrolling interests

Noncontrolling interest in POAH LLC represents the proportional share of equity and operations of PTLHC that is not attributable to POAH LLC's interest in the entity. At December 31, 2020 and 2019, the noncontrolling member's interest totals \$886,618 and \$1,522,299, respectively. Noncontrolling interest in the project limited partnerships and limited liability companies represents various investor limited partners and members proportionate share of equity in the project limited partnerships and limited liability companies. At December 31, 2020 and 2019, the noncontrolling partners'/members' interest in the project limited partnerships and limited liability companies were approximately 99.99% and total \$235,129,106 and \$223,182,044, respectively. Income is allocated to noncontrolling interest based on the noncontrolling partners'/members' ownership. At both December 31, 2020 and 2019, eliminations related to the noncontrolling interests total \$13,048,858.

Investment in partnerships

POAH and POAH LLC's investment in limited partnerships are accounted for under the equity method of accounting as POAH LLC does not exercise control or meet the requirements for consolidation. Amounts contributed are carried at cost, adjusted for the POAH LLC's share of undistributed earnings or losses.

Tax status

The Company is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3) and did not have any unrelated business income for the years ended December 31, 2020 and 2019. No provision or benefit for income taxes has been included in these consolidated financial statements for POAH LLC, POAHC LLC, PTLHC LLC, PWSMT, and the entities controlled by POAH or an affiliate since the limited liability companies are either disregarded entities of POAH and thus POAH is treated for tax purposes as having earned all of the income and incurred all of the losses directly of those limited liability companies, or the limited liabilities companies are treated as partnerships and thus all of their net taxable profit or loss is passed through to the partners, including POAH. The Company is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2017 remain open.

Use of estimates

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

Functional expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable

Preservation of Affordable Housing, Inc. and Subsidiaries

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basis that is consistently applied. Expenses are tracked using direct identification methodology of charging specific expenses as either program, management and general, or fundraising. The financial statement reports certain categories of expense that are attributable to one or more programs or supporting functions. Those expenses have been allocated based on estimates of time and effort.

Accounting for the impairment of long-lived assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2020 and 2019.

Revenue recognition

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the limited partnerships and the tenants of the properties are operating leases.

Rental income from leases on commercial space is recognized on a straight-line basis over the period of the commercial lease.

Revenue from development fees, property management and related fees, and other contractual services is recognized when control of the promised service is transferred to the Company's customers, in an amount that depicts the consideration the Company expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

Contribution revenue is recognized when an unconditional promise to give a financial asset is received. 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 substantially met.

See Note 9 for a further discussion of the Company's revenues.

Derivatives

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Effective January 1, 2010, this guidance was codified into ASC-815-10 "Derivatives and Hedging." The Company uses derivatives to manage risks related to interest rate movements. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value.

Fair value measurement

The Financial Accounting Standards Board's ("FASB") guidance on fair value measurements requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. FASB's guidance established a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the

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highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. Preference is given to observable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. FASB's guidance requires the use of observable data if such data is available without undue costs and effort.

The fair value hierarchy under the guidance is as follows:

- Level 1 - quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3 – prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Summarized comparative information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Reclassifications

Certain items from the prior year financials have been reclassified to conform to the current year presentation.

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Note 3 - Liquidity and availability

Financial assets available for general expenditure within one year consist of the following:

	Consolidated	Core Operating Companies
Cash, cash equivalents, and restricted cash	\$ 58,132,793	\$ 17,830,451
Grants and pledges receivable	1,515,000	1,515,000
Accounts receivable	7,939,269	9,284,408
Development fee receivable - affiliates	-	9,247,051
Undrawn lines of credit	10,655,317	10,655,317
Total financial assets	78,242,379	48,532,227
Less amounts not available to be used within one year		
Restricted by donor with time or purpose restrictions	(4,800,278)	(4,800,278)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 73,442,101</u>	<u>\$ 43,731,949</u>

The Company regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Company operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Company has various sources of liquidity at its disposal including cash, a steady revenue stream from its developer fees, notes receivable, rental income, and various annual service fees.

Note 4 - Notes receivable

The Company, as the sponsor of the entities that own the affordable housing developments, holds various notes receivable from the entities. Certain notes were contributed to the Company by the Department of Housing and Urban Development ("HUD") in connection with the Mark-to-Market restructuring. The notes bear interest at various rates, are generally secured but subordinate to the first mortgages on the properties and are payable from available cash flow. The notes, at the time of receipt by the Company, were recorded at a discount rate reflecting the present value of future projected cash flows. The discount rate was 17% for notes received prior to 2005 and 20% for notes received thereafter. The interest income that is received by the Company is recorded based on the amortization schedules at the discounted note values. Payments received in excess of the amortization schedules are recorded to income in the year of the excess payment.

Other loans have been originated by the Company and were funded by reserves or represent seller financing provided to the affordable housing development. These notes have been recorded simultaneously with a deferred gain (See Note 17).

Management has established an allowance for amounts deemed uncollectible in the amount of \$5,393,386 and \$4,693,386 as of December 31, 2020 and 2019.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2020 and 2019

2019, respectively, has not been recorded in these financial statements because no assurance can be made that it will be paid.

Gains from the excess payments over the loan principal and accretion of market discounts is \$90,386 and \$0, respectively, for the years ended December 31, 2020 and 2019. The effects of these transactions have been eliminated in consolidation each year.

In 2014, a change was implemented relating to properties purchased and controlled by entities wholly owned by the Company and subsequently sold to limited partnerships (“LP’s”) where the Company retains a general partner or controlling interest. Under common control accounting guidance, the acquired assets on the acquiring entity’s books are recorded at the net book value as reflected on the selling entity’s books at the date of the acquisition and not at the fair value as determined by an appraisal. The net book value is typically less than the fair value purchase price of the acquired assets.

In prior years the fair value gain on sale was recognized by the Company or POAH LLC as a seller note receivable and related deferred gain. The change in guidance, effective for the year ended December 31, 2014, precludes recording these notes and deferred gain on the Company’s consolidated statement of financial position or POAH LLC’s balance sheet.

At December 31, 2020 and 2019, notes receivable totaling \$21,435,364 and \$16,783,678, respectively, are assets of the Company, however, they are not reflected as a component of notes receivable on the consolidated statement of financial position because they represent notes receivable related to acquisitions under common control. The Company records cash payments on such notes receivable and interest income as a component of equity. At December 31, 2020 and 2019, interest income in the amount of \$281,098 and \$483,621, respectively is recorded as a component of equity. At December 31, 2020 and 2019, principal payments in the amount of \$594,201 and \$221,602, respectively, is recorded as a component of equity, and is eliminated in consolidation.

A summary of these common control notes receivable and accrued interest at year end is as follows:

	Balance at December 31, 2020	Balance at December 31, 2019
Resale loans, bearing interest from 1.95% to 7%, generally payable annually from the respective property’s net cash flow, if any, to be repaid in full on various maturity dates through 2058.	\$ 19,549,215	\$ 14,708,686
Reserve loans, bearing interest from 3.2% to 5%, generally payable annually from the respective property’s net cash flow, if any, to be repaid in full on various maturity dates through 2055.	1,886,149	2,074,992
Accrued interest	196,199	321,800
	21,631,563	17,105,478
Common control assets not recorded	(21,435,364)	(16,783,678)
Eliminated in consolidation	(196,199)	(321,800)
	\$ -	\$ -

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2020 and 2019

Note 5 - Loans and notes payable

Calvert Social Investment Foundation

In December 2015, the Company entered into an \$8,000,000 loan commitment with Calvert Social Investment Foundation ("Calvert") for the purpose of furthering its activities as a non-profit organization engaged in community economic development. Interest accrues at the rate of 4.5% per annum. Payments of interest are due quarterly in arrears with the first principal payment with any accrued and unpaid interest due July 31, 2018 and the second principal payment with any accrued and unpaid interest due December 31, 2022. In June 2018, the maturity of the first principal payment was extended to July 31, 2019. In September 2019, the maturity of the first principal payment was extended to November 30, 2019. On November 30, 2019, the first principal amount was repaid in full as part of the POAH LLC credit facility with Calvert. During the years ended December 31, 2020 and 2019, interest expense of \$183,000 and \$352,000, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$4,000,000, respectively, and accrued interest is \$0.

Local Initiative Support Corporation

In July 2012, the Company entered into a \$5,000,000 line of credit loan with Local Initiative Support Corporation ("LISC") for the purpose of funding predevelopment costs. The line is collateralized by the mortgage note receivable from Hawthorne. Interest accrues at the rate of 6% per annum and is due monthly. Disbursements are made on a Project basis and principal and any accrued and unpaid interest is due for each Project at the earliest to occur of closing of construction financing, refinancing, the eighteen month anniversary following disbursement of funds or the maturity date of October 2017. In May 2017, the line was increased to \$6,500,000 and maturity date was extended to October 2022. During the years ended December 31, 2020 and 2019, interest expense of \$168,993 and \$155,576, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$1,115,500 and \$3,195,083, respectively, and accrued interest is \$0 and \$15,975, respectively.

Low Income Investment Fund

In June 2015, the Company entered into a \$5,000,000 loan commitment with Low Income Investment Fund (LIIF) for the purpose of funding predevelopment costs. The loan is collateralized by the mortgage note receivable from Blackstone. Interest accrues at the rate equal to the greater of the 5-year United States Treasury Rate plus 500 basis points (5.36% and 6.69% at December 31, 2020 and 2019, respectively) or 6.25% per annum. Payments of interest are due monthly and payments of principal and unpaid interest are due at the earlier of the closing and funding of any construction or permanent financing of the project loan or five-year anniversary of the first day of the first full month following the closing date. In April 2020, the maturity date was extended to October 1, 2020 and the interest rate was set at 6.6%. In September 2020, the maturity date was extended to January 1, 2021. In October 2020, the loan was paid off. During the years ended December 31, 2020 and 2019, interest expense of \$122,596 and \$200,769, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$0 and \$2,249,246, respectively, and accrued interest is \$0.

Boston Private Bank & Trust Company

In June 2018, the Company entered into a \$5,000,000 loan commitment with Boston Private Bank & Trust Company. The loan is collateralized by the mortgage note receivable from Kenmore. The loan bears interest at 4.97%, requires monthly principal and interest payments on a fifteen-year amortization, has a ten-year term and matures on June 1, 2028. During the years ended December 31, 2020 and 2019, interest expense of \$230,934 and \$242,358, respectively, was recorded on the

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Notes to the Consolidated Financial Statements December 31, 2020 and 2019

consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$4,436,052 and \$4,681,927, respectively, and accrued interest is \$0.

The Model Group

On May 31, 2018, the Company entered into a \$1,050,000 loan agreement with The Model Group for the purpose of funding the purchase of general partner interests in 18 properties and management contracts. Interest accrues at 2.18%. Annual payments of \$350,000 of principal and accrued interest shall be made each May 31st through maturity, May 31, 2021. During the years ended December 31, 2020 and 2019, interest expense of \$10,809 and \$19,075, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$350,000 and \$700,000, respectively, and accrued interest is \$5,087 and \$9,538, respectively.

MHIC CMF - Whittier

In January 2019, the Company entered into a \$2,000,000 loan agreement with MHIC CMF Affordable Housing Fund I LLC for the purpose of funding predevelopment costs related to the Whittier Phase 2 project. Interest accrues at 4% and requires monthly interest payments. The outstanding principal and accrued interest are due at maturity, July 31, 2020. The loan is collateralized by the mortgage note receivable from Peters Grove. In July 2020, the loan was paid off. During the years ended December 31, 2020 and 2019, interest expense of \$36,253 and \$40,104 was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$0 and \$1,054,256 and accrued interest is \$0 and \$3,631, respectively.

Arc Chicago, LLC

In March 2020, the Company entered into a \$5,000,000 loan agreement with Arc Chicago, LLC for the purpose of acquisition and preservation properties in communities in Chicago and surrounding suburbs that have experienced historic disinvestment and/or where residents are at risk of displacement due to gentrification. Interest accrues at 5.00% per annum, commencing on July 1, 2020. Payments of interest are due on the first day of each quarter, and payments of principal are due in three installments on March 27, 2028, March 27, 2029, and March 27, 2030. Interest payments for 2020 have been deferred and will be due at the time of the final principal payment. During the years ended December 31, 2020, interest expense of \$109,771 was recorded on the consolidated statements of activities. At December 31, 2020, the outstanding principal balance is \$3,770,000 and accrued interest is \$109,771.

Community Economic Development Assistance Corporation

In September 2020, the Company entered into a \$500,000 predevelopment loan agreement with Community Economic Development Assistance Corporation for the purpose of funding predevelopment related costs related to the development of 950 Falmouth Road in Mashpee, MA. Interest accrues at 3% per annum. All unpaid principal and accrued interest are due at the time of the project construction closing. During the year ended December 31, 2020, interest expense of \$323 was recorded on the consolidated statement of activities. At December 31, 2020, the outstanding principal balance is \$242,251 and accrued interest is \$323.

Greater Cincinnati Foundation

In December 2020, the Company entered into a \$1,000,000 loan agreement with The Greater Cincinnati Foundation for the purpose of acquiring and preserving 100 or more units of affordable housing in greater Cincinnati. The loan is revolving until December 31, 2027 and interest accrues at 2.50% per annum. Interest payments are due annually in arrears beginning on December 31, 2021. Principal payments are due in consecutive equal annual payments beginning on December 31, 2028 with all unpaid principal and interest due on December 31, 2030. During the year ended December

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31, 2020, interest expense of \$1,233 was recorded on the consolidated statement of activities. At December 31, 2020, the outstanding principal balance is \$1,000,000 and accrued interest is \$1,233.

BlueHub Loan Fund - energy conservation

In December 2014, POAH LLC entered into a \$2,000,000 line of credit agreement with BlueHub Loan Fund (formerly known as Boston Community Loan Fund Inc.) for the purpose of funding energy conservation improvements. Interest accrues at 5% and is payable monthly. Disbursements are made on a Project basis and principal and any accrued and unpaid interest is due for each Project five years after the issuance of a term note. Funds can be drawn until February 28, 2017. In April 2020, the loan was paid off. During the years ended December 31, 2020 and 2019, interest expense of \$220 and \$3,497, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$0 and \$23,754, respectively, and accrued interest is \$0.

BlueHub Loan Fund - property acquisition

In June 2019, POAH LLC entered into a \$880,000 loan agreement with BlueHub Loan Fund for the purpose of funding the acquisition of a property in Chicago, IL. Interest accrues at 3.50% per annum. Payments of interest are due monthly and are funded by loan proceeds through maturity, the earlier of (i) the date of closing of any construction loan or any other financing or equity source which is used to finance the project's development and/or operation of the project, and (ii) June 18, 2022. The loan proceeds have been loaned to POAH Roseland East 110th Place Hold Limited Partnership. During the years ended December 31, 2020 and 2019 interest expense of \$29,655 and \$15,376, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal is \$846,996 and \$817,430, and accrued interest is \$2,553 and \$2,464, respectively.

Life Insurance Community Investment Initiative - Briston Arms

In July 2015, POAH LLC entered into a \$2,407,000 loan agreement with Life Insurance Community Investment Initiative, LLC ("Life initiative") for the purpose of funding development costs for Briston Arms, a property in Cambridge, MA, being developed by POAH LLC. Interest accrues at 7%, compounded annually. Payments of principal and accrued interest are due annually in the amount of 80% of deferred development fee payments received from Briston Arms. All unpaid principal and accrued interest are due on the maturity date of July 6, 2023. The loan proceeds have been loaned to Briston Arms. During the years ended December 31, 2020 and 2019, interest expense of \$82,706 and \$103,263, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$1,063,557 and \$1,454,980, respectively, and accrued interest is \$49,633 and \$103,263, respectively.

Cambridge Affordable Housing Trust - Briston Arms

In July 2015, POAH LLC entered into a \$2,400,000 loan agreement with Cambridge Affordable Housing Trust for the purpose of funding development costs for Briston Arms, a property in Cambridge, MA, being developed by POAH LLC. Interest accrues at 4%. Payments of principal and accrued interest are due annually in an amount equal to the EV Income Payments as defined in the agreement. After full repayment of the Life Initiatives note, all unpaid principal and accrued interest is due on the maturity date of June 30, 2035. The loan proceeds have been loaned to Briston Arms. During the years ended December 31, 2020 and 2019, interest expense of \$96,000 was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$2,400,000 and accrued interest is \$527,733 and \$431,733, respectively.

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Notes to the Consolidated Financial Statements December 31, 2020 and 2019

Life Insurance Community Investment Initiative - revolving line of credit

In June 2019, POAH LLC entered into a \$1,000,000 revolving line of credit with Life Initiative for the purpose of funding predevelopment costs for properties in Massachusetts. Interest accrues at 5.5% and is due quarterly. Payments of principal are due at the closing of the acquisition of the properties. All unpaid principal and accrued interest are due on the maturity date of May 29, 2024. Disbursements that are repaid can be reborrowed, assuming loan criteria are met. The line is collateralized by the mortgage note receivable from Eastgate. In April 2020, the line of credit was increased to \$2,000,000. During the years ended December 31, 2020 and 2019, interest expense of \$59,159 and \$19,938, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$861,353 and \$725,000, respectively, and accrued interest is \$16,389 and \$9,969, respectively.

Ohio Housing Finance Agency

In May 2018, various notes payable were assigned to POAH LLC as part of a portfolio acquisition. The six notes, totaling \$2,157,996 with the Ohio Housing Finance Agency ("OHFA") were funded from Housing Development Assistance Program ("HDAP") funds for the purpose of funding development costs for various properties in Cincinnati, OH. Interest accrues at 2% per annum. Payments of principal and accrued interest are due annually in an amount equal to payments of 50% of the cash flow, as defined in the agreement, from the respective properties. The maturity dates range from December 2022 to December 2042. During the years ended December 31, 2020 and 2019, interest expense of \$36,731 and \$36,631, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal is \$1,831,544 and accrued interest is \$379,924 and \$343,193, respectively.

MHIC CMF - Bedford Village

In June 2019, POAH LLC entered into a \$528,000 loan agreement with MHIC CMF Affordable Housing Fund LLC for the purpose of funding development costs at Bedford Village in Bedford, MA. Interest accrues at 4% per annum. Payments are due annually subject to the property's cash flow, and any unpaid principal and accrued interest are due at maturity, June 1, 2027. During July 2019, loan proceeds of \$475,200 were received. The loan proceeds have been loaned to Bedford Village Preservation Associates Limited Partnership. During the years ended December 31, 2020 and 2019, interest expense of \$19,008 and \$9,504, respectively, is included in interest expense on the consolidated statements of activities. The loan was paid in full in May 2021. At December 31, 2020 and 2019, the outstanding principal is \$475,200, and accrued interest is \$28,512 and \$9,504, respectively.

Calvert Social Investment Foundation

In December 2019, POAH LLC entered into a \$15,000,000 syndicated revolving credit facility with Calvert Social Investment Foundation for the purpose of funding its development and acquisition activities. Interest accrues at the rate of the Five-Year Constant Maturity US Treasury Rate plus 2.5% (2.86% and 4.12% at December 31, 2020 and 2019, respectively). Payments of interest are due quarterly in arrears with all unpaid principal with any accrued and unpaid interest due on the maturity date of December 31, 2024. For the years ended December 31, 2020 and 2019, interest expense of \$274,461 and \$13,161, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal balance is \$6,750,000 and \$5,000,000, respectively, and accrued interest is \$0 and \$13,161, respectively.

In June 2020, POAH LLC entered into a \$4,000,000 loan agreement with Calvert Social Investment Foundation for the purpose of bridging the syndicated revolving credit facility. Interest accrues at the rate of 4%. Payments of interest are due quarterly in arrears with all unpaid principal with any accrued and unpaid interest due on the maturity date of June 11, 2021. For the year ended December 31,

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2020, interest expense of \$55,333 was recorded on the consolidated statement of activities. At December 31, 2020, the outstanding principal balance is \$4,000,000 and accrued interest is \$0.

The Prudential Insurance Company of America

In July 2020, POAH LLC entered into a \$5,000,000 loan agreement with The Prudential Insurance Company of America. POAH LLC used the proceeds of the loan to make a loan to POAH Support Corporation 2, an entity related to POAH INC, who will then use those proceeds as qualified equity investments into various community development entities that will then use the investments to fund a qualified low-income community investment to POAH DD Sugar Hill, LLC, which operates a property in Detroit, MI. Interest accrues at 4.25% per annum. Payments of interest only are due monthly commencing on August 1, 2020 to July 9, 2022. Thereafter payments of principal and interest are due monthly on a twenty-year amortization. Any outstanding balances will be made on the maturity date of January 9, 2028. For the year ended December 31, 2020, interest expense of \$101,528 was recorded on the consolidated statement of activities. At December 31, 2020, the outstanding principal balance is \$5,000,000 and accrued interest is \$17,708.

Paycheck Protection Program Loan

In April 2020, POAHC entered into a \$5,491,324 Small Business Administration ("SBA") loan with Eastern Bank under the Paycheck Protection Program. The note accrues interest at 1% per annum. Payments of principal and interest are due monthly in the amount of \$307,494 beginning in November 2020 with all unpaid principal and accrued interest due on the maturity date of April 15, 2022. Forgiveness of the full amount of the loan was applied for per the loan documents and was received on June 22, 2021. For the year ended December 31, 2020, interest expense of \$39,267 was recorded on the consolidated statement of activities. At December 31, 2020, the outstanding principal balance is \$5,491,324 and accrued interest is \$39,267.

Chicago Community Loan Fund

In December 2017, PWSMT entered into a \$350,000 loan agreement with Chicago Community Loan Fund for the purpose of funding retail development costs at Woodlawn Station, a property in Chicago, IL, being developed by POAH LLC. Interest accrues at 5% per annum. Payments of interest only are due monthly. All unpaid principal and accrued interest are due on the maturity date of December 1, 2025. In September 2019, the loan was increased to \$700,000. During the years ended December 31, 2020 and 2019, interest expense of \$35,191 and \$26,713, respectively, was included in interest expense on the consolidated statements of activities. At December 31, 2020 and 2019, the outstanding principal is \$692,314, and accrued interest is \$2,981, respectively.

Debt issuance costs

As of December 31, 2020, unamortized debt issuance costs related to these loans total \$98,478 consist of financing costs of \$176,960 less accumulated amortization of \$78,482. As of December 31, 2019, unamortized debt issuance costs related to these loans total \$98,919 consist of financing costs of \$150,710 less accumulated amortization of \$51,791. For the years ended December 31, 2020, and 2019, \$26,691 and \$17,012 of amortization was incurred and is included in interest expense on the consolidated statements of activities.

Loan balances

The balances as included in the accompanying consolidated statement of financial position as of December 31, 2020 and 2019 are summarized as follows:

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**Notes to the Consolidated Financial Statements
December 31, 2020 and 2019**

Lender	Current Portion	Long-term Portion	Total Balance at December 31, 2020	Current Portion	Long-term Portion	Total Balance at December 31, 2019
Calvert	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 4,000,000
LISC	300,000	815,500	1,115,500	2,764,583	430,500	3,195,083
LIIF	-	-	-	2,249,246	-	2,249,246
Boston Private	259,221	4,176,831	4,436,052	245,876	4,436,051	4,681,927
The Model Group	350,000	-	350,000	350,000	350,000	700,000
MHIC	-	-	-	1,054,256	-	1,054,256
Arc Chicago	-	3,770,000	3,770,000	-	-	-
CEDAC	-	242,251	242,251	-	-	-
Greater Cincinnati	-	1,000,000	1,000,000	-	-	-
BCLF - LLC	-	-	-	23,754	-	23,754
BlueHub - LLC	-	846,996	846,996	-	817,430	817,430
Life Initiative - LLC	-	1,063,557	1,063,557	391,423	1,063,557	1,454,980
CAHT - LLC	-	2,400,000	2,400,000	-	2,400,000	2,400,000
Life Initiative - LLC	861,353	-	861,353	725,000	-	725,000
OHFA - LLC	-	1,831,544	1,831,544	-	1,831,544	1,831,544
MHIC - LLC	475,200	-	475,200	-	475,200	475,200
Calvert - LLC	4,000,000	6,750,000	10,750,000	-	5,000,000	5,000,000
Prudential - LLC	-	5,000,000	5,000,000	-	-	-
PPP - POAHC	-	5,491,324	5,491,324	-	-	-
CCLF - PWSMT	-	692,314	692,314	-	692,314	692,314
Unamortized	-	(98,478)	(98,478)	-	(115,884)	(115,884)
	<u>\$ 6,245,774</u>	<u>\$ 37,981,839</u>	<u>\$ 44,227,613</u>	<u>\$ 7,804,138</u>	<u>\$ 21,380,712</u>	<u>\$ 29,184,850</u>

Annual maturities of debt, including voluntary prepayments, for the ensuing five years as of December 31, 2020 are as follows:

	INC	LLC	Total
2021	\$ 909,221	\$ 5,336,553	\$ 6,245,774
2022	5,330,340	6,426,558	11,756,898
2023	286,647	1,229,592	1,516,239
2024	300,918	6,922,659	7,223,577
2025	316,848	873,027	1,189,875
Thereafter	7,769,829	8,623,899	16,393,728

Note 6 - Line of credit - Boston Private Bank

In January 2013, POAH LLC entered an agreement for a revolving demand line of credit note with Boston Private Bank & Trust Company. In April 2019, the line was increased to \$6,000,000, the maturity date was extended to March 29, 2022, and Eastern Bank was added as a participant in the line. The note accrues interest equal to the Prime Rate with a floor of 3.25% (3.25% and 4.75% at December 31, 2020 and 2019, respectively) and is payable monthly. The line is collateralized by the mortgage notes receivable from Franklin. In April 2020, the line was temporarily increased to \$7,000,000 with the increase terminating on October 29, 2021. During the years ended December 31, 2020 and 2019, interest expense of \$117,983 and \$129,787, respectively, was recorded on the consolidated statements of activities. At December 31, 2020 and 2019, \$2,867,830 and \$3,831,661, respectively, is outstanding on the line and accrued interest is \$7,049 and \$11,675, respectively.

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As of December 31, 2020 and 2019, the outstanding principal on the line of credit less unamortized debt issuance costs was \$2,828,651 and \$3,826,006. As of December 31, 2020 and 2019, unamortized debt issuance cost of \$39,179 and \$16,965, respectively. During the years ended December 31, 2020 and 2019, amortization expense incurred was \$8,924 and \$5,655, respectively.

Annual maturities of debt, including voluntary prepayments, for the ensuing two years as of December 31, 2020 are as follows:

2021	\$ 2,076,722
2022	791,108

Note 7 - Mortgages payable - properties

The Company receives financing for the affordable housing properties from various federal, state and local agencies and financial institutions. These loans are nonrecourse to the Company and are secured by mortgages on the properties. Some of the mortgages also require monthly remittances for escrows and reserves.

The entities in which the Company owns a general partner or managing member interest have outstanding mortgage loans and notes payable. Generally, the loans are secured by security interests and liens common to mortgage loans on the entities' real property and other assets and are nonrecourse to the Company. Such loans bear interest at rates ranging from approximately 0% to 13.125% per annum. The majority of the first mortgage loans require monthly payments of principal and interest, while some of the subordinate loans are only payable from available cash flow and/or deferred to maturity. The mortgages mature in years from 2031 to 2065. For those mortgages payable to POAH or an affiliate, the effect of the loan has been eliminated in the consolidation for each year.

A summary of the mortgages and notes payable at year-end is as follows:

	Balance at December 31, 2020	Balance at December 31, 2019
Permanent conventional loans, bearing compounded interest from 2.813% to 7.25%, generally with principal and interest due monthly, to be repaid in full on various maturity dates through 2049	\$ 145,555,539	\$ 126,912,896
Federal, state and local agency loans, bearing interest from 0% to 12.625%, generally with principal and interest due monthly or payable from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2049.	27,389,112	24,886,933
Other loans, bearing interest from 4.5% to 8%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2031.	124,246,992	85,336,900
Accrued interest	12,967,174	7,768,571
Wholly owned entities	310,158,817	244,905,300
Entities controlled by POAH or affiliates	853,128,929	799,344,435
Unamortized debt issuance costs	(13,709,116)	(12,941,458)
	1,149,578,630	1,031,308,277
Mortgages and notes eliminated in consolidation	(205,938,204)	(201,985,723)
	\$ 943,640,426	\$ 829,322,554

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During the years ended December 31, 2020 and 2019, amortization expense incurred on debt issuance costs was \$1,544,275 and \$1,601,755, respectively, and was included in property mortgage interest in the consolidated statements of activities. A summary of the mortgages payable and related deferred financing costs is as follows:

	Wholly Owned	LP	Total Balance at December 31, 2020	Wholly Owned	LP	Total Balance at December 31, 2019
Mortgages payable less unamortized debt issuance costs	\$ 154,739,585	\$ 438,337,656	\$ 593,077,241	\$ 134,664,608	\$ 390,795,254	\$ 525,459,862
Debt issuance costs	\$ 6,331,974	\$ 18,188,466	\$ 24,520,440	\$ 5,108,199	\$ 16,098,864	\$ 21,207,063
Less: accumulated amortization	(3,333,552)	(7,477,772)	(10,811,324)	(2,648,392)	(5,617,213)	(8,265,605)
Unamortized debt issuance costs	<u>\$ 2,998,422</u>	<u>\$ 10,710,694</u>	<u>\$ 13,709,116</u>	<u>\$ 2,459,807</u>	<u>\$ 10,481,651</u>	<u>\$ 12,941,458</u>

Annual maturities of debt for the ensuing five years are summarized as follows:

Years	Wholly Owned	LP	Total
2021	\$ 44,014,973	\$ 46,076,465	\$ 90,091,438
2022	17,957,423	7,216,459	25,173,882
2023	2,916,165	9,018,702	11,934,867
2024	15,347,060	8,407,706	23,754,766
2025	3,205,514	7,585,007	10,790,521

To minimize the effect of changes in interest on a mortgage note, a limited partnership, Salem Heights Preservation Associates Limited Partnership ("SHPALP"), entered into interest rate swap agreements with two banks under which the partnership pays interest at a fixed rate of 4.24% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent a liability in the amount of \$250,328 and \$481,610 as of December 31, 2020 and 2019, respectively, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement. Changes in the swap agreement fair value are currently included in other changes in equity.

To minimize the effect of changes in interest on a mortgage note, POAH Support Corporation ("PSC"), entered into interest rate swap agreements with BMO Harris Bank under which PSC pays interest at a fixed rate of 1.31% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent a liability in the amount of (\$95,721) and \$27,038 as of December 31, 2020 and 2019, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement. Changes in the swap agreement fair value are currently included in other changes in equity.

To minimize the effect of changes in interest on a mortgage note, Woodlawn Station Preservation Associates Limited Partnership ("WSPALP"), entered into interest rate swap agreements with the Bank of Montreal under which WSPALP pays interest at a fixed rate of 5.53% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent a liability in the amount of \$843,327 and \$512,073 as of December 31, 2020 and 2019, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the

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swap agreement over the remaining term of the agreement. Changes in the swap agreement fair value are currently included in other changes in equity.

Note 8 - Acquisitions of rental property

Acquisition of real property is accounted for as asset acquisitions and recorded at proportional fair value at the time of purchase as determined by an appraisal. During the years ended December 31, 2020 and 2019, the Company recorded the acquisition of real property totaling \$11,104,957 and \$56,509,046, respectively.

Note 9 - Revenue

Revenue is recognized when control of the promised service is transferred to the Company's customers, in an amount that depicts the consideration the Company expects to be entitled to in exchange for those services.

Development fee

Most development fees earned are paid from the Project's equity and debt proceeds at the completion of the construction of the Project. These fees are recognized over the development period beginning when the Project is assured of being constructed, as evidenced by the admission of an equity partner, and concluding with the approval of the cost certification of the respective housing credit agency.

The Company estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in *ASC Topic 606, Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

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

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on the Company's estimate of the variable consideration using available information at the reporting date. Deferred development fees payable from property surplus cash are recognized at such time as there is available surplus cash.

Management service revenue

POAHC provides property management services on a contractual basis for owners of and investors in affordable housing properties. These services include management, marketing, building engineering, accounting, compliance, and financial services. POAHC is compensated for its services through a monthly management fee earned based on either a specified percentage of the monthly rental income, rental receipts generated from the property under management or a fixed fee. POAHC is also often reimbursed for its administrative and payroll costs directly attributable to the properties under management. Property management services represent a series of distinct daily services

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rendered over time. Consistent with the transfer of control for distinct, daily services to the customer, revenue is recognized at the end of each period for the fees associated with the services performed.

State tax credit proceeds

POAH INC sells State Low Income Housing Tax Credits and State Historic Tax Credits generated from limited partnership properties to unrelated parties. POAH INC has provided loans to fund rehabilitation or construction at the respective properties, which are then assigned to POAH LLC. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time upon delivery of the respective state credit certification.

State tax credit proceeds income for the years ended December 31, 2020 and 2019 is \$0 and \$736,000, respectively.

Note 10 - Related party transactions

Notes and other receivables from affiliates

For the years ended December 31, 2020 and 2019, the Company's notes receivable and accounts receivable are amounts receivable from limited partnerships in which the Company is a general partner. The effect of these transactions has been eliminated in consolidation each year.

Administrative salaries and costs

The Company provides various services related to the administration of POAH LLC. For the years ended December 31, 2020 and 2019, POAH LLC incurred \$8,816,296 and \$8,382,908, respectively, for compensation, overhead and rent from the Company.

Property management and related fees

Property management and related fees were earned by POAHC in 2020 in the amount of \$9,798,231, of which \$9,089,844 has been eliminated in consolidation and in 2019 in the amount of \$9,177,328, of which \$8,372,123 has been eliminated in consolidation. At December 31, 2020 and 2019, \$7,175,612 and \$2,896,894, respectively, is due from related parties for services and advances net of an allowance for doubtful accounts which is estimated to be \$998,271 and \$852,983, respectively.

Development fee and other revenue from properties

For the years ended December 31, 2020 and 2019, the Company and POAH LLC earned development fee revenue and fees from properties as follows:

	2020	2019
Development fee paid from development sources	\$ 3,672,951	\$ 3,729,162
Development fee paid from cash flow	6,744,307	6,463,010
Development fee paid from GP capital contributions	-	3,282,927
Other fee revenue	969,148	794,027
	<u>11,386,406</u>	<u>14,269,126</u>
Cash flow fees from certain related properties	2,745,396	1,905,547
	<u>14,131,802</u>	<u>16,174,673</u>
Development and cash flow fees eliminated in consolidation	(9,863,991)	(13,668,727)
	<u>\$ 4,267,811</u>	<u>\$ 2,505,946</u>

At December 31, 2020 and 2019, \$12,095,412 and \$12,762,350, respectively, is due from related properties for development and cash flow fees. At December 31, 2020 and 2019, development fees received but not yet earned are \$778,698 and \$579,318, and is shown as a component of deferred income on the consolidated statements of financial position.

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Reimbursable salaries and expenses

POAHC LLC incurs costs related to payroll, technical support and other reimbursable expenses on behalf of the properties that it manages. In 2020 the costs incurred and the related reimbursement from related properties totaled \$22,388,370, of which \$21,917,497 has been eliminated in consolidation and in 2019 \$21,748,594, of which \$21,337,787 has been eliminated in consolidation. The effect of these transactions has been eliminated in consolidation each year.

Note 11 - Investment in partnerships

The Company, either as the sole member of the entity or the 100% owner of the general partner, has made capital contributions to some of the entities that own affordable housing developments. At December 31, 2020 and 2019, investment in properties is \$25,402,341 and \$18,990,774, respectively, of which \$25,230,620 and \$18,817,272, respectively has been eliminated in consolidation.

In May 2018, the Company purchased a non-controlling general partner interest in seven properties located in Cincinnati, OH. The investments are recorded using the equity method. The balance of this investment at December 31, 2020 and 2019 is \$171,721 and \$173,502, respectively. The investment balances of these properties are included in the investment in properties balances noted above.

In May 2018, the Company purchased the managing member general partner interest in Losantiville Apartments Limited Partnership ("LALP"). LALP is the limited partner in Elm St. Senior Housing, Ltd, an unrelated entity. The investment is recorded using the equity method. The balance of this investment at December 31, 2020 and 2019 is \$1,133,889 and \$1,153,658, respectively.

Certain financial information with respect to these investments at December 31, 2020 and 2019, and the years then ended, are as follows:

	2020	2019
Net investment in real estate	\$ 49,629,029	\$ 52,422,836
Total assets	54,383,617	57,176,954
Permanent financing (including accrued interest)	24,859,898	25,120,474
Total liabilities	27,105,624	27,324,220
Limited partner's equity (deficit)	20,188,186	27,317,348
General partners' equity (deficit)	7,089,807	2,535,386
Revenue	4,052,412	4,053,953
Expenses	7,349,134	7,538,076
Net loss	(3,296,722)	(3,484,123)

Note 12 - Commitments and contingencies

Lease commitments

The Company leases office space under a non-cancelable operating lease in Boston, MA, which expires June 30, 2020. The Company entered into a new non-cancelable operating lease in December 2019 that commenced in August 2020 and expires in October 2030. Rental expense, inclusive of operating costs, for the years ended December 31, 2020 and 2019 totaled \$834,176 and \$680,659, respectively.

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POAH LLC leases office space under a non-cancelable operating lease in Chicago, Illinois. In September 2017, a lease extension was executed that commenced in May 2018 and expires in April 2025. Rental expense, inclusive of operating costs, for the years ended December 31, 2020 and 2019 totaled \$184,753.

POAH LLC leases office space under a non-cancelable operating lease in Washington, D.C. which expires in July 2022. Rental expense, inclusive of operating costs, for the years ended December 31, 2020 and 2019 totaled \$83,130.

POAHC leased office space under a non-cancelable operating lease in Kansas City, Missouri, which expired in February 2018. POAHC entered into a new non-cancelable operating lease in November 2017 that commenced in March 2018 and expires in March 2025. Rental expense, inclusive of real estate taxes and operating costs, the years ended December 31, 2020 and 2019 totaled \$132,224 and \$142,372, respectively.

Future minimum lease payments under operating leases as of December 31, 2020 are as follows:

	INC	LLC	POAHC	Total
2021	\$ 930,160	\$ 259,381	\$ 149,095	\$ 1,338,636
2022	949,488	264,640	153,266	1,367,394
2023	968,816	173,493	157,436	1,299,745
2024	988,144	176,020	161,607	1,325,771
2025	1,007,472	64,342	40,662	1,112,476
	\$ 4,844,080	\$ 937,876	\$ 662,066	\$ 6,444,022

Other commitments or contingencies

The Company or its affiliates serve as the general partner or managing member for various entities that are the owners of the affordable housing properties. The investors and in some cases the lenders in these entities usually require guarantees from POAH entities on behalf of the general partner or managing member as a condition to their investment. Generally, these guarantees are for obligations such as construction and rehabilitation completion, funding of operating deficits and tax credit recapture price adjusters.

A summary of the guarantees outstanding at December 31, 2020 is as follows. See Note 16 for a detail of these entities.

Entity	Acquisition year	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2020
Jefferson	2003	(1), (2)	N/A	N/A	December 2026	\$ 970,894	\$ 451,872 (8)
Oakland	2003	(2)	N/A	N/A	N/A	N/A	-
Woodlen	2004	(2)	N/A	N/A	N/A	N/A	-
Driftwood	2005	(1), (2)	N/A	N/A	None	420,705	-
Crestview	2005	(1), (2)	N/A	N/A	(8)	395,547	298,616 (8)
Washington Gardens	2005	(1), (2)	N/A	N/A	N/A	N/A	53,761 (8)
Garfield Hills	2006	(1), (2)	N/A	N/A	N/A	N/A	1,163,344 (8)
Hillside	2006	(2)	N/A	N/A	N/A	N/A	-
Pocasset	2006	(2)	N/A	N/A	N/A	N/A	-
Hillcrest	2007	(2)	N/A	N/A	N/A	N/A	-
Bridle Path	2007	(2)	N/A	N/A	N/A	N/A	-
Chestnut Gardens	2007	(2)	N/A	N/A	N/A	N/A	-
Dom Narodowy	2007	(2)	N/A	N/A	N/A	N/A	-
Eastgate	2007	(2)	N/A	N/A	N/A	N/A	-
Fairweather	2007	(2)	N/A	N/A	N/A	N/A	-
Fieldstone	2007	(2)	N/A	N/A	N/A	N/A	-

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Entity	Acquisition Year	Guaranty	Construction guaranty maximum amount	Loan Guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2020
Heritage	2008	(2)	N/A	N/A	N/A	N/A	-
Cochecho	2008	(2), (3)	N/A	N/A	N/A	N/A	-
Riverview	2008	(3)	N/A	1,600,000	N/A	N/A	-
United Front	2008	(1), (2)	N/A	N/A	(7)	1,050,000	-
WCS	2010	(1), (2), (6)	N/A	N/A	(7)	310,000	-
Sugar River	2010	(1), (2)	N/A	N/A	(7)	815,000	-
New Horizons	2010	(2)	N/A	N/A	N/A	N/A	-
CB Rental	2011	(1), (2)	N/A	N/A	(7)	543,904	24,631 (8)
Cromwell	2011	(2)	N/A	N/A	N/A	N/A	-
Renaissance	2011	(1), (2)	N/A	N/A	N/A	N/A	-
Blackstone	2012	(2)	N/A	N/A	N/A	N/A	-
Franklin	2012	(2)	N/A	N/A	N/A	N/A	-
Kenmore	2012	(2)	N/A	N/A	N/A	N/A	-
Peter's Grove	2012	(2)	N/A	N/A	N/A	N/A	-
Rock Harbor	2012	(2)	N/A	N/A	N/A	N/A	-
WCN	2012	(1), (2), (6)	N/A	N/A	(7)	162,500	-
Clay Pond Cove	2012	(1), (2)	N/A	N/A	(7)	393,543	-
Kings Landing	2013	(2)	N/A	N/A	N/A	N/A	-
Central Annex	2013	(1), (2), (9)	N/A	N/A	(7)	554,259	-
Torrington	2013	(1), (2)	N/A	N/A	(7)	413,050	-
Grace	2013	(1), (2)	N/A	N/A	(7)	702,695	-
Old Middletown	2014	(1), (2)	N/A	N/A	(7)	700,068	-
WP Senior	2014	(1), (2), (6)	N/A	N/A	(7)	288,634	-
Harbor City	2014	(1), (2)	N/A	N/A	(7)	840,000	-
Dennis	2014	(1), (2)	N/A	N/A	(7)	161,956	-
Lafayette	2014	(1), (2)	N/A	N/A	(7)	548,000	-
Briston Arms	2015	(1), (2), (3)	N/A	3,700,000	(7)	4,475,000	-
Newberry	2015	(1), (2), (3)	N/A	144,241	(7)	524,914	-
Billings Forge	2015	(1), (2), (9)	N/A	N/A	(7)	620,000	-
Cherry Briggs	2016	(1), (2)	N/A	N/A	(7)	569,290	-
Trianon	2016	(2), (3), (10)	N/A	5,500,000	N/A	N/A	278,682 (8)
Brandy Hill	2016	(1), (2)	N/A	N/A	N/A	630,000	-
Founders	2016	(1), (2)	N/A	N/A	N/A	300,055	-
Trinity Towers East	2016	(1), (2)	N/A	N/A	N/A	660,404	-
Trinity Towers South	2016	(1), (2)	N/A	9,450,000	N/A	881,300	-
Tribune	2016	(1), (2)	N/A	N/A	N/A	441,155	-
Woodlawn Rollup	2017	(1), (2), (5)	7,115,430	N/A	N/A	1,232,956	515,917 (8)
Woodlawn Station	2017	(1), (2), (3)	N/A	5,000,000	(7)	369,000	-
Oxford	2017	(1), (2)	N/A	N/A	N/A	685,000	-
Whittier 1A-4	2018	(1), (2), (5)	(4)	21,500,000	(7)	532,000	-
Whittier 1A-9	2018	(1), (2), (5)	(4)	7,000,000	(7)	335,000	-
Bedford	2018	(1), (2), (4)	(4)	N/A	(7)	755,140	-
Greenwood	2018	(1), (2), (5)	(4)	12,300,000	(7)	928,300	-
JBL	2019	(1), (2), (4)	(4)	N/A	(7)	400,000	387,989 (8)
Abigail Apartments	2018	(1), (2)	N/A	N/A	(7)	247,500	87,695 (8)
Abington Race & Pleasant	2018	(1), (2)	N/A	N/A	(7)	286,030	174,000
Baymiller Manor	2018	(1), (2)	N/A	N/A	(7)	99,849	9,144 (8)
Burnet Place	2018	(1), (2)	N/A	N/A	(7)	410,000	70,670
Losantville Building	2018	(1), (2)	N/A	N/A	(7)	379,922	28,427 (8)
Losantville Evanston	2018	(1), (2)	N/A	N/A	(7)	379,922	-
Magnolia Heights	2018	(1), (2)	N/A	N/A	(7)	328,584	187,058
Navarre Garrone	2018	(1), (2)	N/A	N/A	(7)	398,328	-
North Rhine Heights	2018	(1), (2)	N/A	N/A	(7)	264,352	28,023
OTR Revitalization	2018	(1), (2)	N/A	N/A	(7)	858,068	-
Pendleton Estates	2018	(1), (2)	N/A	N/A	(7)	147,045	60,213 (8)
Villas of the Valley	2018	(1), (2)	N/A	N/A	(7)	109,352	-
Villas of the Valley II	2018	(1), (2)	N/A	N/A	(7)	101,632	-
Wesley Estates	2018	(1), (2)	N/A	N/A	(7)	86,020	54,139 (8)
WH Mainstrasse	2018	(1), (2)	N/A	N/A	(7)	156,531	-
Helton Pointe	2018	(1)	N/A	N/A	(7)	65,000	-
South Suburban	2019	(3)	N/A	2,254,586	N/A	N/A	-
Austin	2019	(3)	N/A	4,500,000	N/A	N/A	-
Burnham Schoolhouse	2019	(3)	N/A	8,500,000	N/A	N/A	-
Burnham Manor	2019	(3)	N/A	1,650,000	N/A	N/A	-
Kerper Apartments	2019	(3)	N/A	790,500	N/A	N/A	-
Whittier 2	2020	(1), (2), (3), (5)	34,704,358	765,363	(7)	688,781	-
Sugar Hill	2020	(3), (5)	(4)	10,247,249	N/A	N/A	-
Gardner Terrace I & II	2020	(3), (5)	(4)	5,650,000	N/A	N/A	-

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Entity	Acquisition year	Guaranty	Construction guaranty maximum amount	Loan guaranty	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2020
South Chicago Salud	2020	(1), (2), (3), (5)	(4)	1,658,467	N/A	N/A	-
Mattapan 4	2020	(1), (2), (3), (5)	(4)	40,310,668	(7)	1,028,587	-
Mattapan 9	2020	(1), (2), (3), (5)	(4)	9,015,896	(7)	189,589	-
Farrell House	2020	(1), (2), (3), (5)	(4)	2,574,125	(7)	612,000	-

Types of guaranties

- (1) Operating deficits
- (2) Tax credit recapture price adjusters
- (3) Loan guaranty
- (4) Construction rehabilitation completion, per agreement there is no limit on the amount of this guaranty
- (5) Construction completion and construction loan guaranty
- (6) Financing coverage guaranty

Other

- (7) Two to five years from construction completion and/or breakeven
- (8) Eliminated in consolidation
- (9) Annual commercial income guaranty
- (10) Basic rent guaranty per Net Lease

Note 13 - Financial instruments

The Company and its subsidiaries maintain its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes it is not exposed to any significant credit risk on its cash, cash equivalents and other deposits at December 31, 2020 and 2019.

Note 14 - Rent subsidies

For most of the properties, tenants' rents are being subsidized by various federal and state programs. Generally, these programs restrict assistance to those residents who qualify by meeting certain established criteria, including maximum income limitations. A majority of the properties have entered into contracts with HUD to provide the federal subsidies. These contracts expire in years 2020 to 2041. Rent subsidies totaled \$111,299,540 and \$101,442,050 for 2020 and 2019, respectively.

Note 15 - Net assets with donor restrictions

The Company received the following grants which are included in net assets with donor restrictions at December 31, 2020 and 2019 for either time restrictions or restrictions related to specific program services:

	Balance at December 31, 2020	Balance at December 31, 2019
Home ownership assistance	\$ 143,389	\$ 143,389
Community resource center	410,882	512,300
Installation of artwork	15,000	15,000
Children savings accounts	67,555	42,555
Family Self Sufficiency	314,684	135,000
Community arts festival	9,945	9,945
Choice endowment	192,804	474,411
Capital Magnet Fund	4,300,000	4,300,000

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Notes to the Consolidated Financial Statements December 31, 2020 and 2019

	Balance at December 31, 2020	Balance at December 31, 2019
Technology assistance	13,000	-
Rental assistance	45,125	-
Trauma-informed care	1,930,084	-
	\$ 7,442,468	\$ 5,632,600

Note 16 - Limited partnerships and limited liability companies

As of December 31, 2020, the Company owns a general partner or managing member interest in the following entities:

Entity	Project Location	No. of Units
1) Driftwood Preservation Associates Limited Partnership	Narragansett, RI	32
2) Hillside Preservation Associates Limited Partnership	Providence, RI	42
3) Pocasset Preservation Associates Limited Partnership	Providence, RI	82
4) Hillcrest Preservation Associates Limited Partnership	Providence, RI	130
5) Fieldstone Preservation Associates Limited Partnership	Narragansett, RI	24
6) Heritage Preservation Associates Limited Partnership	North Kingstown, RI	204
7) Grace Preservation Associates Limited Partnership	Providence, RI	101
8) Cherry Briggs Preservation Associates Limited Partnership	Johnston & Providence, R	160
9) Oxford Preservation Associates Limited Partnership	Providence, RI	128
10) Jefferson Maison East Limited Dividend Housing Association LLC	Detroit, MI	280
11) Oakland Grand Haven Limited Dividend Housing Association LLC	Troy, MI	297
12) POAH DD Sugar Hill LLC	Detroit, MI	68
13) Bridle Path Preservation Associates Limited Partnership	Randolph, MA	104
14) Chestnut Gardens Preservation Associates Limited Partnership	Lynn, MA	65
15) Dom Narodowy Polski Preservation Associates Limited Partnership	Chicopee, MA	50
16) Eastgate Preservation Associates Limited Partnership	Springfield, MA	148
17) Fairweather Preservation Associates Limited Partnership	Beverly, Danvers,	321
18) United Front Nine Preservation Associates Limited Partnership	New Bedford, MA	173
19) Cromwell Preservation Associates Limited Partnership	Hyanis, MA	124
20) CB Rental Limited Partnership	Bourne, MA	28
21) Blackstone Preservation Associates Limited Partnership	Boston, MA	145
22) Franklin Preservation Associates Limited Partnership	Boston, MA	193
23) Kenmore Abbey Preservation Associates Limited Partnership	Boston, MA	199
24) Peter's Grove Preservation Associates Limited Partnership	Hudson, MA	96
25) Rock Harbor Preservation Associates Limited Partnership	Orleans, MA	100
26) Clay Pond Preservation Associates Limited Partnership	Bourne, MA	45
27) Kings Landing Preservation Associates Limited Partnership	Brewster, MA	108
28) Central Annex Preservation Associates Limited Partnership	Pittsfield, MA	101
29) Dennis Community Housing Preservation Associates Limited Partnership	Dennis, MA	27
30) Briston Arms Preservation Associates Limited Partnership	Cambridge, MA	154
31) Founders Court Preservation Associates Limited Partnership	Hyannis, MA	32
32) Brandy Hill Preservation Associates Limited Partnership	E. Wareham, MA	132
33) Tribune Preservation Associates Limited Partnership	Framingham, MA	53
34) Canal Bluffs P3 Preservation Associates Limited Partnership	Bourne, MA	44
35) Whittier 1A-4 Preservation Associates Limited Partnership	Boston, MA	58
36) Whittier 1A-9 Preservation Associates Limited Partnership	Boston, MA	34
37) Whittier 2 Preservation Associates Limited Partnership	Boston, MA	52
38) Mattapan Station 4 LLC	Boston, MA	114
39) Mattapan Station 9 LLC	Boston, MA	21
40) Bedford Village Preservation Associates Limited Partnership	Bedford, MA	124
41) Woodlen Place Associates Limited Partnership	Kansas City, MO	60
42) WCS Preservation Associates Limited Partnership	Chicago, IL	67
43) Renaissance Preservation Associates Limited Partnership	Chicago, IL	117

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Entity	Project Location	No. of Units
44) WCN Preservation Associates Limited Partnership	Chicago, IL	33
45) WP Senior Preservation Associates Limited Partnership	Chicago, IL	65
46) Lafayette Preservation Associates Limited Partnership	Chicago, IL	94
47) Newberry Park Preservation Associates Limited Partnership	Chicago, IL	84
48) Woodlawn Station Preservation Associates Limited Partnership	Chicago, IL	70
49) Woodlawn Roll-up Preservation Associates Limited Partnership	Chicago, IL	196
50) Greenwood Preservation Associates Limited Partnership	Chicago, IL	122
51) JBL Preservation Associates Limited Partnership	Chicago, IL	106
52) Community Housing Partners XI Limited Partnership	Chicago, IL	77
53) Community Housing Partners X Limited Partnership	Chicago, IL	59
54) Community Housing Partners XV Limited Partnership	Chicago, IL	30
55) South Chicago Salud Center Preservation Associates Limited Partnership	Chicago, IL	101
56) Farrell House I Preservation Associates Limited Partnership	Chicago, IL	59
57) Garfield Hills Preservation Associates Limited Partnership	Washington, DC	94
58) Coheco Preservation Associates Limited Partnership	Dover, NH	78
59) Sugar River Preservation Associates Limited Partnership	Claremont, NH	162
60) New Horizons Preservation Associates Limited Partnership	Miami, FL	100
61) Harbor City Towers LLLP	Melbourne, FL	192
62) Trinity Towers East Preservation Associates LLLP	Melbourne, FL	156
63) New Trinity Towers South Preservation Associates LLLP	Melbourne, FL	162
64) Torrington West Preservation Associates Limited Partnership	Torrington, CT	79
65) Billings Forge LLC		
66) Billings Forge Preservation Associates Limited Partnership	Hartford, CT	114
67) Old Middletown Preservation Associates Limited Partnership	Middletown, CT	65
68) Abigail Apartments Limited Partnership	Cincinnati, OH	71
69) Abington Race and Pleasant LLC (not consolidated)	Cincinnati, OH	50
70) Baymiller Manor Limited Partnership	Cincinnati, OH	31
71) Burnet Place Limited Partnership (not consolidated)	Cincinnati, OH	62
72) Fairview Estates Limited Partnership	Cincinnati, OH	28
73) Kerper Development Limited Partnership	Cincinnati, OH	38
74) Losantiville Apartments Limited Partnership	Cincinnati, OH	87
75) Magnolia Heights Limited Partnership (not consolidated)	Cincinnati, OH	98
76) Navarre Garrone Limited Partnership	Cincinnati, OH	62
77) North Rhine Heights Limited Partnership (not consolidated)	Cincinnati, OH	65
78) OTR Revitalization Limited Partnership (not consolidated)	Cincinnati, OH	94
79) Pendleton Estates Limited Partnership	Cincinnati, OH	42
80) Wesley Estates Limited Partnership	Cincinnati, OH	29
81) Villas of the Valley Limited Partnership (not consolidated)	Lincoln Heights, OH	42
82) Villas of the Valley II Limited Partnership (not consolidated)	Lincoln Heights, OH	35
83) WH Mainstrasse I LLLP	Convington, KY	41
84) POAH Aaron Briggs LLC (100% owned by POAH, Inc)		
85) POAH Fieldstone Apartments LLC (100% owned by POAH, Inc)		
86) POAH Old Middletown LLC (100% Owned by POAH, Inc)		
87) POAH Central Annex LLC (100% owned by POAH, Inc)		
88) SSAH LLC (100% owned by POAH, Inc)	Weymouth, MA	20
89) POAH Brandy Hill LLC (100% owned by POAH, Inc)		
90) POAH Ventures LLC (100% owned by POAH, Inc)		
91) BR Sugar River Limited Partnership (100% owned by POAH, Inc)		
92) POAH Kings Landing LLC (100% owned by POAH, Inc)		
93) Riverview Residences Dover LLC (100% owned by POAH, Inc)	Dover, NH	24
94) POAH Cutler Meadows LLC (100% owned by POAH, Inc)	Miami, FL	225
95) POAH Cutler Manor LLC (100% owned by POAH, Inc)	Miami, FL	219
96) POAH Middletowne Apartments LLC (100% owned by POAH, Inc)	Orange Park, FL	100
97) POAH Campbell Arms LLC (100% owned by POAH, Inc)	Homestead, FL	201
98) POAH Cutler Manor II LLC (100% owned by POAH, Inc)		
99) POAH New Horizons, LLC (100% owned by POAH, Inc)		
100) POAH Trinity Towers East LLC (100% owned by POAH, Inc)		
101) POAH Trinity Towers West LLC (100% owned by POAH, Inc)		
102) Trinity Towers South Preservation Associates LLLP (100% owned by POAH, Inc)		
103) POAH NSP Chicago LLC (100% owned by POAH, Inc)		
104) POAH Grove Parc Apartments LLC (100% owned by POAH, Inc)		

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Notes to the Consolidated Financial Statements December 31, 2020 and 2019

Entity	Project Location	No. of Units
105) POAH Holdings (100% owned by POAH, Inc)		
106) POAH NMTC2 Title Holding Corporation (100% owned by POAH, Inc)	Chicago, IL	27
107) POAH Support Corporation (100% owned by POAH, Inc)		
108) POAH Support Corporation 2 (100% owned by POAH, Inc)		
109) POAH Greenwood Park LLC (100% owned by POAH, Inc)		
110) POAH JBL LLC (100% owned by POAH, Inc)		
111) Community Housing Partners VI Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	55
112) Community Housing Partners XII Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	26
113) Corcoran Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	94
114) POAH Roseland East 110th Place Hold Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	60
115) POAH Washington Park Indiana Avenue Hold Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	60
116) Elgin Schoolhouse Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Elgin, IL	27
117) Elgin Manor Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Elgin, IL	100
118) POAH South Suburban Y Hold LLC (100% owned by POAH, Inc)	Harvey, IL	120
119) POAH Harvey East 151st Street Hold Limited Partnership (100% owned by POAH, Inc)	Harvey, IL	60
120) POAH Harvey West 151st Street Hold Limited Partnership (100% owned by POAH, Inc)	Harvey, IL	60
121) Farrell House Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
122) Crestview Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Kankakee, IL	132
123) POAH Gardner Terrace LLC (100% owned by POAH, Inc)	Attleboro, MA	144
124) POAH Hebronville Mill LLC (100% owned by POAH, Inc)	Attleboro, MA	83
125) Meadowbrook Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Northampton, MA	252
126) Washington Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Hagerstown, MD	100
127) Colony Plaza Associates Limited Partnership (100% owned by POAH, Inc)	Excelsior Springs, MO	111
128) Country Club Village Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	70
129) Glenwood Manor Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	119
130) Highland Meadows Associates Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	44
131) Deerfield Village Associates Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	60
132) Hawthorne Associates Limited Partnership (100% owned by POAH, Inc)	Independence, MO	745
133) Country Club Village II Associates - I Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	28
134) Highland Acres Associates - I Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	35
135) Houston Plaza Associates - I Limited Partnership (100% owned by POAH, Inc)	Adrian, MO	34
136) Maplewood Manor Associates - I Limited Partnership (100% owned by POAH, Inc)	Web City, MO	60
137) Monroe Estates Associates - I Limited Partnership (100% owned by POAH, Inc)	Lebanon, MO	74
138) Prairie Plains Associates - I Limited Partnership (100% owned by POAH, Inc)	Lamar, MO	50
139) Crestview Village Associates - I Limited Partnership (100% owned by POAH, Inc)	Liberty, MO	48
140) Terri Manor Associates LTD (100% owned by POAH, Inc)	Cincinnati, OH	81
141) Community Manor Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	19
142) Blacklick Apartments LLC (100% owned by POAH, Inc)	Blacklick, OH	176
143) Beachwood Preservation Associates LP Limited Partnership (100% owned by POAH, Inc)	Narragansett, RI	56
144) Southwinds Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Narragansett, RI	48
145) Salem Heights Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Salem, MA	283
146) Barry Farm Redevelopment Associates Limited Partnership (100% owned by POAH, Inc)		
147) POAH Landowner LLC (100% owned by POAH, Inc)		
		<u>12,140</u>

The majority of these properties qualify for the low-income tax credit in accordance with Section 42 of the Internal Revenue Code. Provisions of Section 42 regulate the use of the Project as to occupancy eligibility and unit gross rent, among other requirements, for 15 years. Most of the properties are subject to these provisions for additional terms in accordance with agreements entered into with the state tax credit agencies. The properties are also controlled by regulatory agreements with lenders and other funding and subsidy sources.

The limited partners or investor members generally own between 99 to 99.99% interest in the properties. Capital contributions are due from these partners or members in installments upon each property's satisfaction of specified conditions, as defined, and are subject to adjustment based on the

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2020 and 2019

actual low-income tax credits delivered. These contributions are recorded by the entities when received.

Note 17 - Deferred gain

The Company has purchased various properties and then sold those properties to limited partnerships in which an affiliate of the Company serves as general partner. This related party sale results in a deferred gain.

As part of the purchase of certain of these properties, the Company acquired reserve funds. The Company then used those reserve funds to either fund general partner capital contributions or provide loans to related limited partnerships.

The following is a summary of the deferred gains and related notes receivable:

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable	
Pocasset Manor Apartments	\$ 4,589,201	\$ 2,340,000	\$ 1,067,857	\$ 1,181,344	(1)
Hillcrest Village Apartments	300,000	300,000	-	-	
Bridle Path Apartments	2,613,236	844,160	-	3,049,285	(2)
Chestnut Garden Apartments	1,727,285	1,727,285	-	-	
Dom Narodowy Polski Apartments	965,490	912,273	-	53,217	(2)
Eastgate Apartments	6,242,014	3,196,804	-	3,045,210	(2)
Heritage Village II Apartments	4,668,132	1,639,308	-	3,028,824	(3)
New Horizons	200,000	200,000	-	-	
Cromwell Court	872,000	872,000	-	-	
Blackstone	16,658,507	12,485,719	-	4,172,788	(4)
Franklin	16,676,301	16,676,301	-	-	
Kenmore Abbey	17,722,502	12,182,798	-	5,539,704	(5)
Peter's Grove	626,994	626,994	-	-	
Rock Harbor	355,416	355,416	-	-	
King's Landing	2,400,000	2,400,000	-	-	
Grace	157,646	-	-	-	
Chery Hill	444,276	-	-	444,276	(6)
Aaron Briggs	114,098	-	-	114,098	(6)
Tribune	175,800	-	-	175,800	
Brandy Hill	1,356,610	-	-	1,356,610	
	<u>78,865,508</u>	<u>56,759,058</u>	<u>1,067,857</u>	<u>22,161,156</u>	
Gain recognized from receipt of principal payment in prior years	(4,502,220)	(2,766,330)	-	(1,735,890)	
Gain recognized from receipt of principal payment in 2019	(1,385,117)	(640,454)	-	(744,663)	
Gain recognized from receipt of principal payment in 2020	(1,663,058)	(550,280)	-	(1,112,778)	
	<u>\$ 71,315,113</u>	<u>\$ 52,801,994</u>	<u>\$ 1,067,857</u>	<u>\$ 18,567,825</u>	

(1) Funds loaned to Pocasset, Hillside and Hillcrest

(2) Funds loaned to Fairweather, Chestnut Gardens and Dom Narodowy

(3) Funds loaned to Heritage and Fieldstone

(4) Funds loaned to Franklin and Rock Harbor

(5) Funds loaned to Franklin and Peter's Grove

(6) Funds loaned to Cherry Briggs

The results of the above transactions are eliminated in consolidation.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2020 and 2019

Note 18 - Statement of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets as of December 31, 2020 and 2019 that sum to the total of the same amounts in the statements of cash flows:

	2020	2019
Cash and cash equivalents	\$ 54,847,515	\$ 38,724,829
Restricted cash	3,279,478	1,992,711
Reserves	4,946,482	5,516,493
Restricted reserves	1,940,887	1,423,161
Tenant security deposits	4,188,732	3,868,614
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 69,203,094	\$ 51,525,808

The amount included in restricted cash consists of security deposits and family self-sufficiency escrows held in trust for the future benefit of tenants, grant funds received but not yet expended, and Company reserves for operations and capital investments.

Note 19 - CCDC acquisition

In July 2020, POAH completed the acquisition of a group of entities representing 247 rental units together referred to as CCDC. As a result of the acquisition, POAH obtained a controlling interest in five properties, and expanded POAH's property activities in Illinois. The acquisition qualifies as an acquisition of assets. The following table summarizes the acquisition cost and the cost of assets acquired and liabilities assumed recognized at the acquisition date.

	Archer Senior	Clifton Magnolia	Hazel Winthrop	Sunnyside Kenmore	Uptown	Total
Acquisition payments	\$ 257,026	\$ 1,787,093	\$ 315,466	\$ 212,997	\$ 304,754	\$ 2,877,336
Assumed liabilities	4,702,583	7,258,399	6,391,322	2,760,409	3,784,713	24,897,426
Total cost of assets acquired	\$ 4,959,609	\$ 9,045,492	\$ 6,706,788	\$ 2,973,406	\$ 4,089,467	\$ 27,774,762
Financial assets	\$ 482,300	\$ 2,033,002	\$ 887,819	\$ 270,601	\$ 180,912	\$ 3,854,634
Property and fixed assets	4,508,042	7,106,392	5,817,376	2,733,336	3,971,496	24,136,642
Intangible assets	69,892	121,894	67,300	31,876	47,849	338,811
Financial liabilities	(100,625)	(215,796)	(65,707)	(62,407)	(110,790)	(555,325)
	\$ 4,959,609	\$ 9,045,492	\$ 6,706,788	\$ 2,973,406	\$ 4,089,467	\$ 27,774,762
Units	55	59	30	26	77	247

Note 20 - Uncertainties due to COVID-19

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally and on March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic. As a result, events have occurred, including mandates from federal, state, and local authorities, leading to an overall decline in economic activity. It is anticipated that this decline will continue for some time. There has been no immediate material impact to the Company's financial position, results of operations, or cash flows. Future potential impacts may include disruptions on the collection of

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Notes to the Consolidated Financial Statements December 31, 2020 and 2019

development, management, and cash flow fees and an increase to operating costs. The Company is not able to estimate the length or severity of this pandemic and the related financial impact.

Note 21 - Subsequent events

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes to the consolidated financial statements. Management evaluated the activity of the Company through June 30, 2021 and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements. The following subsequent event is required to be disclosed in the notes to the consolidated financial statements.

POAHC submitted its application for PPP Loan forgiveness prior to December 31, 2020 and received notice from its lender on June 22, 2021 that the SBA approved forgiveness of the full amount of the PPP Loan and the related interest thereon. Accordingly, POAHC will derecognize the PPP Loan and recognize a corresponding gain on debt forgiveness, which will be included in other income for the year ending December 31, 2021. There is a six-year period during which the SBA can review POAHC's forgiveness calculation.

Supplementary Information

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Financial Position
December 31, 2020**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Current assets						
Cash and cash equivalents	\$ 14,545,173	\$ 12,833,057	\$ 27,469,285	\$ 54,847,515	\$ -	\$ 54,847,515
Restricted cash	3,285,278	-	-	3,285,278	-	3,285,278
Reserves	4,946,482	-	-	4,946,482	-	4,946,482
Restricted reserves	1,167,964	119,031	653,892	1,940,887	-	1,940,887
Accounts receivable						
Rental - tenants and subsidy	-	1,120,366	2,989,882	4,110,248	(21,100)	4,089,148
Grants receivable	1,515,000	-	-	1,515,000	-	1,515,000
Properties, net of allowance for doubtful accounts	9,127,516	-	-	9,127,516	(8,719,598)	407,918
Development fees	9,247,051	-	-	9,247,051	(9,247,051)	-
Other	156,892	1,134,463	1,316,272	2,607,627	-	2,607,627
Escrow deposits	-	32,430,635	96,913,336	129,343,971	-	129,343,971
Tenant security deposits	23,649	1,558,030	2,607,053	4,188,732	-	4,188,732
Due from affiliates	397,562	684,870	-	1,082,432	(1,082,432)	-
Prepaid expenses	808,608	946,306	1,102,562	2,857,476	-	2,857,476
Note receivable, current	5,048,504	-	-	5,048,504	(5,048,504)	-
Interest on notes receivable	5,564,925	-	-	5,564,925	(5,564,925)	-
Predevelopment costs reimbursable, current	5,456,570	8,973,075	-	14,429,645	(2,165,503)	12,264,142
Total current assets	61,291,174	59,799,833	133,052,282	254,143,289	(31,849,113)	222,294,176
Other assets						
Notes receivable, net of discount	144,236,637	35,061,318	-	179,297,955	(150,825,205)	28,472,750
Investment in partnerships	23,542,876	1,859,465	1,133,889	26,536,230	(25,230,620)	1,305,610
Predevelopment costs reimbursable, net of current	2,615,895	-	-	2,615,895	-	2,615,895
Other assets	939,569	573,584	4,001,589	5,514,742	-	5,514,742
Total other assets	171,334,977	37,494,367	5,135,478	213,964,822	(176,055,825)	37,908,997
Fixed assets						
Land and buildings	938,747	297,086,679	1,196,651,988	1,494,677,414	(247,851,435)	1,246,825,979
Rehabilitation in progress	-	1,958,335	44,325,482	46,283,817	-	46,283,817
Furniture, equipment and leasehold improvements	1,143,286	5,118,723	16,538,515	22,800,524	-	22,800,524
Less: Accumulated depreciation	(354,372)	(78,870,944)	(227,276,171)	(306,501,487)	58,074,572	(248,426,915)
Total fixed assets	1,727,661	225,292,793	1,030,239,814	1,257,260,268	(189,776,863)	1,067,483,405
Total assets	\$ 234,353,812	\$ 322,586,993	\$ 1,168,427,574	\$ 1,725,368,379	\$ (397,681,801)	\$ 1,327,686,578

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Financial Position
December 31, 2020**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Liabilities						
Current liabilities						
Accounts payable	\$ 1,339,488	\$ 5,188,136	\$ 8,816,067	\$ 15,343,691	\$ (6,048,155)	\$ 9,295,536
Accrued expenses	1,552,843	3,270,538	8,140,186	12,963,567	(12,500)	12,951,067
Accounts payable - development	5,800	3,628,601	49,656,131	53,290,532	(36,120,728)	17,169,804
Accrued interest	230,872	459,489	1,742,877	2,433,238	-	2,433,238
Mortgages payable - properties, current	-	44,014,973	7,896,431	51,911,404	-	51,911,404
Construction loans - properties, current	-	-	38,180,034	38,180,034	-	38,180,034
Loan payable, current	6,245,774	-	-	6,245,774	-	6,245,774
Line of credit, current	2,076,722	-	-	2,076,722	-	2,076,722
Deferred liabilities, current	32,419	-	-	32,419	-	32,419
Tenant security deposits	25,244	1,450,098	2,397,389	3,872,731	-	3,872,731
Prepaid revenue	7,107	524,916	1,285,840	1,817,863	-	1,817,863
Due to affiliates	772,077	3,501,954	2,237,075	6,511,106	(6,143,428)	367,678
Total current liabilities	12,288,346	62,038,705	120,352,030	194,679,081	(48,324,811)	146,354,270
Long-term liabilities						
Loans and notes payable, net of current	37,981,839	-	-	37,981,839	-	37,981,839
Line of credit, net of current	751,929	-	-	751,929	-	751,929
Accrued interest payable - notes payable	957,290	-	-	957,290	-	957,290
Notes payable and accrued interest - properties	-	152,420,810	365,900,545	518,321,355	(205,938,204)	312,383,151
Mortgages payable - properties, net of current	-	110,724,612	430,441,225	541,165,837	-	541,165,837
Interest rate swap	-	154,607	843,327	997,934	-	997,934
Other long-term liabilities	-	-	684,870	684,870	(684,870)	-
Deferred liabilities, net of current	421,913	-	-	421,913	-	421,913
Deferred income	76,191,102	18,592,314	7,254,862	102,038,278	(90,248,094)	11,790,184
Total long-term liabilities	116,304,073	281,892,343	805,124,829	1,203,321,245	(296,871,168)	906,450,077
Total liabilities	128,592,419	343,931,048	925,476,859	1,398,000,326	(345,195,979)	1,052,804,347
Net assets						
Net assets without donor restrictions controlling	97,222,307	(21,344,055)	8,023,977	83,902,229	(39,436,964)	44,465,265
Net assets without donor restrictions noncontrolling	886,618	-	234,926,738	235,813,356	(13,048,858)	222,764,498
Total net assets without donor restrictions	98,108,925	(21,344,055)	242,950,715	319,715,585	(52,485,822)	267,229,763
Net assets with donor restrictions	7,652,468	-	-	7,652,468	-	7,652,468
Total net assets	105,761,393	(21,344,055)	242,950,715	327,368,053	(52,485,822)	274,882,231
Total liabilities and net assets	\$ 234,353,812	\$ 322,586,993	\$ 1,168,427,574	\$ 1,725,368,379	\$ (397,681,801)	\$ 1,327,686,578

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidating Schedule of Activities
Year ended December 31, 2020

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 194,789	\$ 46,917,380	\$ 109,732,768	\$ 156,844,937	\$ -	\$ 156,844,937
Grant income	2,793,375	228,877	312,816	3,335,068	-	3,335,068
Grant income, capital investments	151,581	-	-	151,581	-	151,581
Contribution income	25,000	-	-	25,000	-	25,000
Developer fee revenue	11,386,406	-	-	11,386,406	(7,118,595)	4,267,811
Cash flow from properties	2,745,396	-	-	2,745,396	(2,745,396)	-
Property management and related fees	10,426,240	-	-	10,426,240	(9,089,844)	1,336,396
Reimbursable salaries and expenses	22,806,764	-	-	22,806,764	(21,917,497)	889,267
Gain on receipt of mortgage note	1,663,058	-	-	1,663,058	(1,663,058)	-
Gain on prepayment of notes receivable	90,386	-	-	90,386	(90,386)	-
Interest income	5,532,130	396,674	440,867	6,369,671	(5,467,452)	902,219
Loss on investment in partnership	-	-	(93,710)	(93,710)	-	(93,710)
Investment Income	880,215	-	-	880,215	(881,996)	(1,781)
Other income	536,555	2,200,325	2,685,444	5,422,324	(381,314)	5,041,010
	59,231,895	49,743,256	113,078,185	222,053,336	(49,355,538)	172,697,798
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	59,231,895	49,743,256	113,078,185	222,053,336	(49,355,538)	172,697,798
Expenses						
Personnel	17,477,030	-	-	17,477,030	-	17,477,030
Development expense	4,052,425	-	-	4,052,425	(1,073,417)	2,979,008
Professional services	1,191,234	-	-	1,191,234	-	1,191,234
Contributions and grants made	123,894	-	-	123,894	-	123,894
Rental	1,270,421	-	-	1,270,421	-	1,270,421
Taxes and insurance	441,849	-	-	441,849	-	441,849
Travel and lodging	313,760	-	-	313,760	-	313,760
Interest	1,856,114	-	-	1,856,114	-	1,856,114
Reimbursable salaries and expenses	22,806,764	-	-	22,806,764	(21,917,497)	889,267
Property operations	230,422	34,620,833	68,459,172	103,310,427	(9,353,655)	93,956,772
Property mortgage interest	35,191	13,967,155	31,370,916	45,373,262	(5,720,652)	39,652,610
Office and administration	1,236,011	-	-	1,236,011	-	1,236,011
Depreciation and amortization	170,263	8,193,039	31,271,476	39,634,778	(7,848,670)	31,786,108
Community impact	2,122,626	-	-	2,122,626	-	2,122,626
Bad debt expense	232,676	-	-	232,676	-	232,676
Miscellaneous	93,822	-	-	93,822	-	93,822
Total expenses	53,654,502	56,781,027	131,101,564	241,537,093	(45,913,891)	195,623,202
Excess of revenue over expenses (expenses over revenue)	5,577,393	(7,037,771)	(18,023,379)	(19,483,757)	(3,441,647)	(22,925,404)
Excess of revenue over expenses (expenses over revenue) attributable to noncontrolling interests	57,682	-	(18,021,577)	(17,963,895)	-	(17,963,895)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	\$ 5,519,711	\$ (7,037,771)	\$ (1,802)	\$ (1,519,862)	\$ (3,441,647)	\$ (4,961,509)

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets
Year ended December 31, 2020

	Net assets without donor restrictions									Net assets	Net assets	
	Controlling				Noncontrolling				Total	Controlling	Total	
	Core Operating Companies	Wholly Owned	LP	Eliminations	Subtotal	Core Operating Companies	LP	Eliminations	Subtotal			
Beginning balance, January 1, 2020	\$ 92,847,165	\$ (11,986,270)	\$ 5,538,425	\$ (36,045,474)	\$ 50,353,846	\$ 1,522,299	\$ 223,182,044	\$ (13,048,858)	\$ 211,655,485	\$ 262,009,331	\$ 5,632,600	\$ 267,641,931
Acquisition of ownership interest	-	469,908	2,511,369	-	2,981,277	-	-	-	-	2,981,277	-	2,981,277
Transfer of limited partnership interest to controlling	-	(1,888,481)	-	-	(1,888,481)	-	1,888,481	-	1,888,481	-	-	-
Capital contributions from noncontrolling interests	-	-	-	-	-	-	28,155,499	-	28,155,499	28,155,499	-	28,155,499
Capital contributions from the Company	-	966,485	1,843,947	(2,810,432)	-	-	-	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	-	(693,363)	(277,709)	-	(971,072)	(971,072)	-	(971,072)
Distributions to the Company	-	(1,867,926)	(82,982)	1,950,908	-	-	-	-	-	-	-	-
Other changes in equity	875,299	-	(1,784,980)	909,681	-	-	-	-	-	-	-	-
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	-	-	57,682	(18,021,577)	-	(17,963,895)	(17,963,895)	-	(17,963,895)
Excess of revenue (expenses) attributable to the Company	3,499,843	(7,037,771)	(1,802)	(3,441,647)	(6,981,377)	-	-	-	-	(6,981,377)	2,019,868	(4,961,509)
Ending balance, December 31, 2020	<u>\$ 97,222,307</u>	<u>\$ (21,344,055)</u>	<u>\$ 8,023,977</u>	<u>\$ (39,436,964)</u>	<u>\$ 44,465,265</u>	<u>\$ 886,618</u>	<u>\$ 234,926,738</u>	<u>\$ (13,048,858)</u>	<u>\$ 222,764,498</u>	<u>\$ 267,229,763</u>	<u>\$ 7,652,468</u>	<u>\$ 274,882,231</u>

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Cash Flows
Year ended December 31, 2020**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Cash flows from operating activities						
Excess of revenue over expenses (expenses over revenue)	\$ 5,577,393	\$ (7,037,771)	\$ (18,023,379)	\$ (19,483,757)	\$ (3,441,647)	\$ (22,925,404)
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities						
Gain (loss) on investment in partnership	-	-	(93,710)	(93,710)	-	(93,710)
Investment income	(880,215)	-	-	(880,215)	878,434	(1,781)
Depreciation and amortization	170,264	8,193,039	31,271,476	39,634,779	(7,848,670)	31,786,109
Amortization of debt issuance costs	35,615	575,594	968,681	1,579,890	-	1,579,890
Change in fair market value of interest rate swaps	-	(354,041)	331,254	(22,787)	-	(22,787)
Forgiveness of debt	-	(574,311)	(197,635)	(771,946)	-	(771,946)
Changes in						
Accounts receivable	(3,850,214)	(703,593)	(3,040,615)	(7,594,422)	4,170,873	(3,423,549)
Predevelopment costs reimbursable	1,998,461	(2,563,108)	-	(564,647)	442,560	(122,087)
Prepaid expenses and other assets	(273,089)	(584,470)	(267,380)	(1,124,939)	-	(1,124,939)
Accounts payable and accrued expenses	(32,139)	2,137,651	6,086,556	8,192,068	(4,831,666)	3,360,402
Prepaid and deferred revenues	488,391	1,728,851	689,930	2,907,172	-	2,907,172
Tenant security deposits	14,744	105,910	144,961	265,615	-	265,615
Due to affiliates, net	145,213	320,215	(192,051)	273,377	(1,178,191)	(904,814)
Net cash provided by (used in) operating activities	3,394,424	1,243,966	17,678,088	22,316,478	(11,808,307)	10,508,171
Cash flows from investing activities						
Escrow deposits and restricted reserves, net	1,100	(5,945,341)	(30,808,496)	(36,752,737)	-	(36,752,737)
Advances on notes receivable and accrued interest	(13,103,396)	(22,269,317)	-	(35,372,713)	-	(35,372,713)
Repayments of notes receivable and accrued interest	13,503,196	348,801	-	13,851,997	(2,330,264)	11,521,733
Purchase of limited partner interest	(51,934)	-	-	(51,934)	51,934	-
Distributions received from subsidiary	(2,877,335)	-	-	(2,877,335)	2,877,335	-
Contributions to partnerships	(903,567)	(1,721,205)	(73,941)	(2,698,713)	2,624,772	(73,941)
Distributions from partnerships	22,689	-	-	22,689	(22,689)	-
Cash paid for fixed assets	(834,615)	(5,405,210)	(92,133,729)	(98,373,554)	15,095,589	(83,277,965)
Net cash (used in) provided by investing activities	(4,243,862)	(34,992,272)	(123,016,166)	(162,252,300)	18,296,677	(143,955,623)
Cash flows from financing activities						
Proceeds from line of credit	330,000	-	-	330,000	-	330,000
Payments on line of credit	(1,293,831)	-	-	(1,293,831)	-	(1,293,831)
Proceeds from notes and mortgages payable	23,543,856	59,840,900	127,481,414	210,866,170	(3,952,481)	206,913,689
Payment on notes and mortgages payable	(8,518,499)	(19,896,799)	(47,615,559)	(76,030,857)	-	(76,030,857)
Deferred income	(1,663,058)	-	-	(1,663,058)	(1,676,365)	(3,339,423)
Debt issuance costs paid	(57,388)	(651,748)	(1,676,788)	(2,385,924)	-	(2,385,924)
Syndication and tax credit costs paid	-	-	(253,343)	(253,343)	-	(253,343)
Distributions paid to partners	(693,363)	(1,867,926)	(360,691)	(2,921,980)	1,950,908	(971,072)
Partners capital contributions received	-	966,485	29,999,446	30,965,931	(2,810,432)	28,155,499
Net cash provided by (used in) financing activities	11,647,717	38,390,912	107,574,479	157,613,108	(6,488,370)	151,124,738

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Cash Flows
Year ended December 31, 2020**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Net increase in cash, cash equivalents, and restricted cash	\$ 10,798,279	\$ 4,642,606	\$ 2,236,401	\$ 17,677,286	\$ -	\$ 17,677,286
Cash, cash equivalents, and restricted cash, beginning of year	13,164,467	9,867,512	28,493,829	51,525,808	-	51,525,808
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 23,962,746</u>	<u>\$ 14,510,118</u>	<u>\$ 30,730,230</u>	<u>\$ 69,203,094</u>	<u>\$ -</u>	<u>\$ 69,203,094</u>
Supplemental disclosure of cash flow activities						
Cash paid for interest	<u>\$ 1,580,078</u>	<u>\$ 6,729,608</u>	<u>\$ 21,347,648</u>	<u>\$ 29,657,334</u>	<u>\$ -</u>	<u>\$ 29,657,334</u>
Schedule of noncash investing activities						
Fixed asset costs incurred	\$ 834,615	\$ 20,145,173	\$ 86,052,010	\$ 107,031,798	\$ (24,030,138)	\$ 83,001,660
Fixed assets assets sold in connection with common control transaction	-	(15,366,867)	-	(15,366,867)	-	(15,366,867)
Accounts payable - development, beginning of year	-	4,255,505	55,737,850	59,993,355	45,055,277	105,048,632
Accounts payable - development, end of year	-	(3,628,601)	(49,656,131)	(53,284,732)	(36,120,728)	(89,405,460)
Cash paid for fixed assets	<u>\$ 834,615</u>	<u>\$ 5,405,210</u>	<u>\$ 92,133,729</u>	<u>\$ 98,373,554</u>	<u>\$ (15,095,589)</u>	<u>\$ 83,277,965</u>
Transfer of fixed assets	<u>\$ -</u>	<u>\$ 20,990,311</u>	<u>\$ (20,990,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred liability included in residual receipts escrow	<u>\$ -</u>	<u>\$ 328,999</u>	<u>\$ 5,948</u>	<u>\$ 334,947</u>	<u>\$ -</u>	<u>\$ 334,947</u>
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 281,098</u>	<u>\$ -</u>	<u>\$ (281,098)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Schedule of noncash financing activities						
(Decrease) increase in liabilities due to interest rate swap	<u>\$ -</u>	<u>\$ (354,041)</u>	<u>\$ 331,254</u>	<u>\$ (22,787)</u>	<u>\$ -</u>	<u>\$ (22,787)</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Financial Position - Core Operating Companies
December 31, 2020**

	POAH INC	POAH LLC	Subtotal	Elimination	Total
Current assets					
Cash and cash equivalents	\$ 4,953,717	\$ 9,591,456	\$ 14,545,173	\$ -	\$ 14,545,173
Restricted cash	3,285,278	-	3,285,278	-	3,285,278
Reserves	4,946,482	-	4,946,482	-	4,946,482
Restricted reserves	1,162,164	5,800	1,167,964	-	1,167,964
Accounts receivable			-		
Grants receivable	1,515,000	-	1,515,000	-	1,515,000
Properties, net of allowance for doubtful accounts	1,042,532	8,084,984	9,127,516	-	9,127,516
Development fees	-	9,247,051	9,247,051	-	9,247,051
Other	102,370	54,522	156,892	-	156,892
Due from affiliates	1,232,486	2,957,829	4,190,315	(3,792,753)	397,562
Prepaid expenses	374,307	434,301	808,608	-	808,608
Note receivable, current	4,218,972	829,532	5,048,504	-	5,048,504
Interest on notes receivable	95,237	5,469,688	5,564,925	-	5,564,925
Predevelopment costs reimbursable, current	761,408	6,941,032	7,702,440	(2,245,870)	5,456,570
Tenant security deposits	-	23,649	23,649	-	23,649
Total current assets	23,689,953	43,639,844	67,329,797	(6,038,623)	61,291,174
Other assets					
Notes receivable, net of discount	23,994,095	120,242,542	144,236,637	-	144,236,637
Investment in companies	58,617,046	-	58,617,046	(58,617,046)	-
Investment in partnerships	23,429,919	112,957	23,542,876	-	23,542,876
Predevelopment costs reimbursable, net of current	-	2,615,895	2,615,895	-	2,615,895
Other assets	849,629	89,940	939,569	-	939,569
Total other assets	106,890,689	123,061,334	229,952,023	(58,617,046)	171,334,977
Fixed assets					
Land and buildings	-	938,747	938,747	-	938,747
Furniture, equipment and leasehold improvements	792,604	350,682	1,143,286	-	1,143,286
Less: Accumulated depreciation	(8,425)	(345,947)	(354,372)	-	(354,372)
Total fixed assets	784,179	943,482	1,727,661	-	1,727,661
Total assets	\$ 131,364,821	\$ 167,644,660	\$ 299,009,481	\$ (64,655,669)	\$ 234,353,812

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Financial Position - Core Operating Companies
December 31, 2020**

	POAH INC	POAH LLC	Subtotal	Elimination	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 234,138	\$ 1,105,350	\$ 1,339,488	\$ -	\$ 1,339,488
Accrued expenses	235,467	1,317,376	1,552,843	-	1,552,843
Accounts payable - development	-	5,800	5,800	-	5,800
Accrued interest	116,413	114,459	230,872	-	230,872
Loan payable, current	909,221	5,336,553	6,245,774	-	6,245,774
Line of credit, current	-	2,076,722	2,076,722	-	2,076,722
Deferred liabilities, current	-	32,419	32,419	-	32,419
Tenant security deposit	-	25,244	25,244	-	25,244
Prepaid revenue	-	7,107	7,107	-	7,107
Due to affiliates	5,349,903	1,460,797	6,810,700	(6,038,623)	772,077
Total current liabilities	6,845,142	11,481,827	18,326,969	(6,038,623)	12,288,346
Long-term liabilities					
Loans and notes payable, net of current	13,956,068	24,025,771	37,981,839	-	37,981,839
Line of credit, net of current	-	751,929	751,929	-	751,929
Accrued interest payable - notes payable	-	957,290	957,290	-	957,290
Deferred liabilities, net of current	287,533	134,380	421,913	-	421,913
Deferred income	5,401,303	70,789,799	76,191,102	-	76,191,102
Total long-term liabilities	19,644,904	96,659,169	116,304,073	-	116,304,073
Total liabilities	26,490,046	108,140,996	134,631,042	(6,038,623)	128,592,419
Net assets					
Net assets without donor restrictions controlling	97,222,307	58,617,046	155,839,353	(58,617,046)	97,222,307
Net assets without donor restrictions noncontrolling	-	886,618	886,618	-	886,618
Total net assets without donor restrictions	97,222,307	59,503,664	156,725,971	(58,617,046)	98,108,925
Net assets with donor restrictions	7,652,468	-	7,652,468	-	7,652,468
Total net assets	104,874,775	59,503,664	164,378,439	(58,617,046)	105,761,393
Total liabilities and net assets	\$ 131,364,821	\$ 167,644,660	\$ 299,009,481	\$ (64,655,669)	\$ 234,353,812

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Activities - Core Operating Companies
Year ended December 31, 2020**

	POAH INC without donor restrictions	POAH INC with donor restriction	POAH LLC	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ -	\$ -	\$ 194,789	\$ 194,789	\$ -	\$ 194,789
Grant income	92,250	2,701,125	-	2,793,375	-	2,793,375
Grant income, capital investments	151,581	-	-	151,581	-	151,581
Contribution income	-	25,000	-	25,000	-	25,000
Developer fee revenue	-	-	11,386,406	11,386,406	-	11,386,406
Cash flow from properties	1,044,884	-	1,700,512	2,745,396	-	2,745,396
Property management and related fees	-	-	10,426,240	10,426,240	-	10,426,240
Reimbursable salaries and expenses	-	-	22,806,764	22,806,764	-	22,806,764
Gain on receipt of mortgage note	-	-	1,663,058	1,663,058	-	1,663,058
Gain on prepayment of notes receivable	-	-	90,386	90,386	-	90,386
Interest income	325,272	-	5,206,858	5,532,130	-	5,532,130
Investment income	6,915,306	-	61,023	6,976,329	(6,096,114)	880,215
Other income	17,356	215,846	303,353	536,555	-	536,555
	<u>8,546,649</u>	<u>2,941,971</u>	<u>53,839,389</u>	<u>65,328,009</u>	<u>(6,096,114)</u>	<u>59,231,895</u>
Net assets released from restrictions	922,103	(922,103)	-	-	-	-
Total support and revenue	9,468,752	2,019,868	53,839,389	65,328,009	(6,096,114)	59,231,895
Expenses						
Personnel	1,323,757	-	16,153,273	17,477,030	-	17,477,030
Development expense	394	-	4,052,031	4,052,425	-	4,052,425
Professional services	539,315	-	651,919	1,191,234	-	1,191,234
Contributions and grants made	90,894	-	33,000	123,894	-	123,894
Rental and utilities	323,035	-	947,386	1,270,421	-	1,270,421
Taxes and insurance	392,526	-	49,323	441,849	-	441,849
Travel and lodging	50,486	-	263,274	313,760	-	313,760
Interest expense	903,467	-	952,647	1,856,114	-	1,856,114
Reimbursable salaries and expenses	-	-	22,806,764	22,806,764	-	22,806,764
Property operations	-	-	230,422	230,422	-	230,422
Property mortgage interest	-	-	35,191	35,191	-	35,191
Office and administration	88,000	-	1,148,011	1,236,011	-	1,236,011
Depreciation and amortization	8,425	-	161,838	170,263	-	170,263
Community impact	2,122,626	-	-	2,122,626	-	2,122,626
Bad debt expense	-	-	232,676	232,676	-	232,676
Miscellaneous	70,984	-	22,838	93,822	-	93,822
Total expenses	<u>5,913,909</u>	<u>-</u>	<u>47,740,593</u>	<u>53,654,502</u>	<u>-</u>	<u>53,654,502</u>
Excess of revenue over expenses	3,554,843	2,019,868	6,098,796	11,673,507	(6,096,114)	5,577,393
Excess of revenue over expenses attributable to noncontrolling interests	-	-	57,682	57,682	-	57,682
Excess of revenue over expenses attributable to the Company	<u>\$ 3,554,843</u>	<u>\$ 2,019,868</u>	<u>\$ 6,041,114</u>	<u>\$ 11,615,825</u>	<u>\$ (6,096,114)</u>	<u>\$ 5,519,711</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Changes in Net Assets - Core Operating Companies
Year ended December 31, 2020**

	Net assets without donor restrictions						Net assets with donor restrictions	
	Controlling				Noncontrolling		Controlling	
	POAH INC	POAH LLC	Eliminations	Subtotal	POAH LLC	Total	POAH INC	Total
Beginning balance, January 1, 2020	\$ 92,792,165	\$ 61,553,810	\$ (61,498,810)	\$ 92,847,165	\$ 1,522,299	\$ 94,369,464	\$ 5,632,600	\$ 100,002,064
Distribution to member	-	(9,853,177)	9,853,177	-	-	-	-	-
Distribution to noncontrolling member	-	-	-	-	(693,363)	(693,363)	-	(693,363)
Other changes in equity	875,299	875,299	(875,299)	875,299	-	875,299	-	875,299
Excess of revenue over expenses to noncontrolling interest	-	-	-	-	57,682	57,682	-	57,682
Excess of revenue over expenses to Company	3,554,843	6,041,114	(6,096,114)	3,499,843	-	3,499,843	2,019,868	5,519,711
Ending balance, December 31, 2020	<u>\$ 97,222,307</u>	<u>\$ 58,617,046</u>	<u>\$ (58,617,046)</u>	<u>\$ 97,222,307</u>	<u>\$ 886,618</u>	<u>\$ 98,108,925</u>	<u>\$ 7,652,468</u>	<u>\$ 105,761,393</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Cash Flows - Core Operating Companies
Year ended December 31, 2020**

	POAH INC	POAH LLC	Subtotal	Elimination	Total
Cash flows from operating activities					
Excess of revenue over expenses	\$ 5,574,711	\$ 6,098,796	\$ 11,673,507	\$ (6,096,114)	\$ 5,577,393
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities					
Investment income (loss)	(6,915,306)	(61,023)	(6,976,329)	6,096,114	(880,215)
Depreciation expense	8,425	161,839	170,264	-	170,264
Amortization of debt issuance costs	16,686	18,929	35,615	-	35,615
Changes in					
Accounts receivable	(1,686,595)	(2,163,619)	(3,850,214)	-	(3,850,214)
Predevelopment costs reimbursable	4,154,995	(2,156,534)	1,998,461	-	1,998,461
Prepaid expenses and other assets	(75,109)	(197,980)	(273,089)	-	(273,089)
Accounts payable and accrued expenses	(93,893)	61,754	(32,139)	-	(32,139)
Prepaid and deferred revenues	204,960	283,431	488,391	-	488,391
Tenant security deposits liabilities	-	14,744	14,744	-	14,744
Due to affiliates, net	(3,661,832)	3,807,045	145,213	-	145,213
Net cash (used in) provided by operating activities	<u>(2,472,958)</u>	<u>5,867,382</u>	<u>3,394,424</u>	<u>-</u>	<u>3,394,424</u>
Cash flows from investing activities					
Escrow deposits and restricted reserves, net	-	1,100	1,100	-	1,100
Advances on notes receivable and accrued interest	(2,930,361)	(10,173,035)	(13,103,396)	-	(13,103,396)
Repayments of notes receivable and accrued interest	6,325,241	7,177,955	13,503,196	-	13,503,196
Purchase of limited partner interest	-	(51,934)	(51,934)	-	(51,934)
Distributions received from subsidiary	(2,877,335)	-	(2,877,335)	-	(2,877,335)
Contributions to partnerships	(903,567)	-	(903,567)	-	(903,567)
Distributions from partnerships	22,689	-	22,689	-	22,689
Distribution from member	9,853,177	-	9,853,177	(9,853,177)	-
Cash paid for fixed assets	(792,604)	(42,011)	(834,615)	-	(834,615)
Net cash provided by (used in) investing activities	<u>8,697,240</u>	<u>(3,087,925)</u>	<u>5,609,315</u>	<u>(9,853,177)</u>	<u>(4,243,862)</u>
Cash flows from financing activities					
Proceeds from line of credit	-	330,000	330,000	-	330,000
Payments on line of credit	-	(1,293,831)	(1,293,831)	-	(1,293,831)
Proceeds from notes payable	6,711,613	16,832,243	23,543,856	-	23,543,856
Payment on notes payable	(7,678,322)	(840,177)	(8,518,499)	-	(8,518,499)
Debt issuance costs	-	(57,388)	(57,388)	-	(57,388)
Deferred income	-	(1,663,058)	(1,663,058)	-	(1,663,058)
Distributions to members	-	(10,546,540)	(10,546,540)	9,853,177	(693,363)
Net cash (used in) provided by financing activities	<u>(966,709)</u>	<u>2,761,249</u>	<u>1,794,540</u>	<u>9,853,177</u>	<u>11,647,717</u>

Preservation of Affordable Housing, Inc. and Subsidiaries
Consolidating Schedule of Cash Flows - Core Operating Companies
For the year ended December 31, 2020

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Net increase in cash and cash equivalents	5,257,573	5,540,706	10,798,279	-	10,798,279
Cash, cash equivalents, and restricted cash, beginning of year	9,090,068	4,074,399	13,164,467	-	13,164,467
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 14,347,641</u>	<u>\$ 9,615,105</u>	<u>\$ 23,962,746</u>	<u>\$ -</u>	<u>\$ 23,962,746</u>
Supplemental disclosure of cash flow activities					
Cash paid for interest	<u>\$ 776,642</u>	<u>\$ 803,436</u>	<u>\$ 1,580,078</u>	<u>\$ -</u>	<u>\$ 1,580,078</u>
Schedule of noncash investing activities					
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 281,098</u>	<u>\$ 281,098</u>	<u>\$ 562,196</u>	<u>\$ (281,098)</u>	<u>\$ 281,098</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidating Schedule of Financial Position - POAH LLC

December 31, 2020

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Current assets						
Cash and cash equivalents	\$ 6,720,314	\$ 2,861,874	\$ -	\$ 9,268	\$ -	\$ 9,591,456
Restricted reserves	-	-	-	5,800	-	5,800
Accounts receivable						
Properties, net of allowance for doubtful accounts	1,805,829	6,394,589	-	26,975	(142,409)	8,084,984
Development fees	9,082,430	-	164,621	-	-	9,247,051
Other	32,679	21,843	-	-	-	54,522
Due from related parties	3,489,619	851,647	-	-	(1,383,437)	2,957,829
Prepaid expenses	78,232	356,069	-	-	-	434,301
Note receivable, current	829,532	-	-	-	-	829,532
Interest on notes receivable	5,334,131	-	135,557	-	-	5,469,688
Predevelopment costs reimbursable	6,941,032	-	-	-	-	6,941,032
Tenant security deposits	-	-	-	23,649	-	23,649
Total current assets	34,313,798	10,486,022	300,178	65,692	(1,525,846)	43,639,844
Other assets						
Notes receivable, net of discount and current	115,407,531	-	4,835,011	-	-	120,242,542
Investment in companies	5,976,824	-	-	-	(5,976,824)	-
Investment in partnerships	(155,936)	-	-	-	268,893	112,957
Predevelopment costs reimbursable, net of current	2,615,895	-	-	-	-	2,615,895
Other assets	50,730	39,210	-	-	-	89,940
Total other assets	123,895,044	39,210	4,835,011	-	(5,707,931)	123,061,334
Fixed assets						
Land and buildings	-	-	-	938,747	-	938,747
Furniture, equipment and leasehold improvements	173,150	177,532	-	-	-	350,682
Less: Accumulated depreciation	(135,147)	(121,783)	-	(89,017)	-	(345,947)
Total fixed assets	38,003	55,749	-	849,730	-	943,482
Total assets	\$ 158,246,845	\$ 10,580,981	\$ 5,135,189	\$ 915,422	\$ (7,233,777)	\$ 167,644,660

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidating Schedule of Financial Position - POAH LLC

December 31, 2020

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Liabilities						
Current liabilities						
Accounts payable	\$ 945,530	\$ 136,795	\$ -	\$ 23,025	\$ -	\$ 1,105,350
Accrued expenses	189,071	1,128,305	-	-	-	1,317,376
Development costs payable	-	-	-	5,800	-	5,800
Accrued interest	72,211	39,267	-	2,981	-	114,459
Loan payable, current	5,336,553	-	-	-	-	5,336,553
Line of credit, current	2,076,722	-	-	-	-	2,076,722
Deferred liabilities, current	6,865	25,554	-	-	-	32,419
Tenant security deposits	-	-	-	25,244	-	25,244
Prepaid revenue	-	-	-	7,107	-	7,107
Due to related parties	720,806	1,695,584	142,409	427,844	(1,525,846)	1,460,797
Total current liabilities	9,347,758	3,025,505	142,409	492,001	(1,525,846)	11,481,827
Long-term liabilities						
Loans and notes payable, net of current	17,842,133	5,491,324	-	692,314	-	24,025,771
Line of credit, net of current	751,929	-	-	-	-	751,929
Accrued interest payable - notes payable	957,290	-	-	-	-	957,290
Deferred liabilities, net of current	38,181	96,199	-	-	-	134,380
Deferred income	70,692,508	97,291	-	-	-	70,789,799
Total long-term liabilities	90,282,041	5,684,814	-	692,314	-	96,659,169
Total liabilities	99,629,799	8,710,319	142,409	1,184,315	(1,525,846)	108,140,996
Net assets						
Net assets without donor restrictions controlling	58,617,046	1,870,662	4,106,162	(268,893)	(5,707,931)	58,617,046
Net assets without donor restrictions noncontrolling	-	-	886,618	-	-	886,618
Total net assets without donor restrictions	58,617,046	1,870,662	4,992,780	(268,893)	(5,707,931)	59,503,664
Total liabilities and net assets	\$ 158,246,845	\$ 10,580,981	\$ 5,135,189	\$ 915,422	\$ (7,233,777)	\$ 167,644,660

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Activities - POAH LLC
Year ended December 31, 2020**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Support and revenue						
Rental income	\$ -	\$ -	\$ -	\$ 194,789	\$ -	\$ 194,789
Development and other fee revenue from properties	11,217,695	-	168,711	-	-	11,386,406
Cash flow from properties	1,842,921	-	-	-	(142,409)	1,700,512
Property management and related fees	-	10,426,240	-	-	-	10,426,240
Reimbursable salaries and expenses	-	22,806,764	-	-	-	22,806,764
Gain on receipt of mortgage note	1,663,058	-	-	-	-	1,663,058
Gain on prepayment of notes receivable	90,386	-	-	-	-	90,386
Interest income	5,097,295	1,033	108,500	30	-	5,206,858
Investment income	728,252	-	-	-	(667,229)	61,023
Other income	127,576	175,777	-	-	-	303,353
Total support and revenue	<u>20,767,183</u>	<u>33,409,814</u>	<u>277,211</u>	<u>194,819</u>	<u>(809,638)</u>	<u>53,839,389</u>
Expenses						
Personnel	8,053,372	8,099,901	-	-	-	16,153,273
Development expense	3,997,031	-	142,409	-	(87,409)	4,052,031
Professional services	469,906	182,013	-	-	-	651,919
Contributions and grants made	33,000	-	-	-	-	33,000
Rental and utilities	592,389	354,997	-	-	-	947,386
Taxes and insurance	1,548	47,775	-	-	-	49,323
Travel and lodging	44,010	219,264	-	-	-	263,274
Interest expense	913,380	39,267	-	-	-	952,647
Reimbursable salaries and expenses	-	22,806,764	-	-	-	22,806,764
Property operations	-	-	-	230,422	-	230,422
Property mortgage interest	-	-	-	35,191	-	35,191
Office and administration	532,876	615,135	-	-	-	1,148,011
Depreciation and amortization	18,106	84,549	-	59,183	-	161,838
Bad debt expense	-	232,676	-	-	-	232,676
Miscellaneous	15,451	7,387	-	-	-	22,838
Total expenses	<u>14,671,069</u>	<u>32,689,728</u>	<u>142,409</u>	<u>324,796</u>	<u>(87,409)</u>	<u>47,740,593</u>
Excess of revenue over expenses (expenses over revenue)	<u>6,096,114</u>	<u>720,086</u>	<u>134,802</u>	<u>(129,977)</u>	<u>(722,229)</u>	<u>6,098,796</u>
Excess of revenue over expenses attributable to noncontrolling interest	-	-	(57,682)	-	-	(57,682)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>\$ 6,096,114</u>	<u>\$ 720,086</u>	<u>\$ 77,120</u>	<u>\$ (129,977)</u>	<u>\$ (722,229)</u>	<u>\$ 6,041,114</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Changes in Net Assets - POAH LLC
Year ended December 31, 2020**

	Controlling					Subtotal	Noncontrolling	Total
	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations		PTLHC	
Balance at January 1, 2020	\$ 61,498,810	\$ 1,550,576	\$ 3,641,469	\$ (138,916)	\$ (4,998,129)	\$ 61,553,810	\$ 1,522,299	\$ 63,076,109
Distributions to the member	(9,853,177)	(400,000)	-	-	400,000	(9,853,177)	-	(9,853,177)
Distributions to noncontrolling member	-	-	-	-	-	-	(693,363)	(693,363)
Other changes in equity								
Common control - interest	281,098	-	71,465	-	(71,465)	281,098	-	281,098
Common control - principal	594,201	-	316,108	-	(316,108)	594,201	-	594,201
Excess of revenue over expenses attributable to noncontrolling interest	-	-	-	-	-	-	57,682	57,682
Excess of revenue over expenses (expenses over revenue) attributable to the Company	6,096,114	720,086	77,120	(129,977)	(722,229)	6,041,114	-	6,041,114
Balance at December 31, 2020	<u>\$ 58,617,046</u>	<u>\$ 1,870,662</u>	<u>\$ 4,106,162</u>	<u>\$ (268,893)</u>	<u>\$ (5,707,931)</u>	<u>\$ 58,617,046</u>	<u>\$ 886,618</u>	<u>\$ 59,503,664</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Cash Flow - POAH LLC
Year ended December 31, 2020**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Cash flows from operating activities						
Excess of revenue over expenses (expenses over revenue)	\$ 6,096,114	\$ 720,086	\$ 134,802	\$ (129,977)	\$ (722,229)	\$ 6,098,796
Investment income	(728,252)	-	-	-	667,229	(61,023)
Depreciation and amortization expense	18,106	84,550	-	59,183	-	161,839
Amortization of debt issuance costs	18,929	-	-	-	-	18,929
Changes in						
Accounts receivable	1,927,435	(4,152,473)	86,867	(25,448)	-	(2,163,619)
Predevelopment costs reimbursable	(2,156,534)	-	-	-	-	(2,156,534)
Prepaid expenses and other assets	(81,273)	(116,707)	-	-	-	(197,980)
Accounts payable and accrued expenses	(71,542)	163,566	-	(30,270)	-	61,754
Prepaid revenue and deferred liabilities	200,062	76,262	-	7,107	-	283,431
Tenant security deposits liabilities	-	-	-	14,744	-	14,744
Due to affiliates, net	3,402,975	187,005	(126)	162,191	55,000	3,807,045
Net cash provided by (used in) operating activities	8,626,020	(3,037,711)	221,543	57,530	-	5,867,382
Cash flows from investing activities						
Escrow deposit and restricted reserves, net	-	-	-	1,100	-	1,100
Cash paid for fixed assets	-	-	-	(42,011)	-	(42,011)
Advances on notes receivable and accrued interest	(10,064,535)	-	(108,500)	-	-	(10,173,035)
Repayment of notes receivable and accrued interest	6,597,635	-	580,320	-	-	7,177,955
Purchase of limited partner Interest	(51,934)	-	-	-	-	(51,934)
Distribution from subsidiary	400,000	-	-	-	(400,000)	-
Net cash (used in) provided by investing activities	(3,118,834)	-	471,820	(40,911)	(400,000)	(3,087,925)
Cash flows from financing activities						
Proceeds from line of credit	330,000	-	-	-	-	330,000
Payments on line of credit	(1,293,831)	-	-	-	-	(1,293,831)
Proceeds from notes payable	11,340,919	5,491,324	-	-	-	16,832,243
Payments on note payable	(840,177)	-	-	-	-	(840,177)
Deferred income	(1,663,058)	-	-	-	-	(1,663,058)
Debt issuance costs	(57,388)	-	-	-	-	(57,388)
Distributions to member	(9,853,177)	(400,000)	(693,363)	-	400,000	(10,546,540)
Net cash (used in) provided by financing activities	(2,036,712)	5,091,324	(693,363)	-	400,000	2,761,249

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidating Schedule of Cash Flow - POAH LLC
Year ended December 31, 2020**

	<u>POAH LLC</u>	<u>POAHC</u>	<u>PTLHC</u>	<u>PWSMT</u>	<u>Eliminations</u>	<u>Total</u>
Net increase in cash, cash equivalents, and restricted cash	3,470,474	2,053,613	-	16,619	-	5,540,706
Cash, cash equivalents, and restricted cash, beginning	<u>3,249,840</u>	<u>808,261</u>	<u>-</u>	<u>16,298</u>	<u>-</u>	<u>4,074,399</u>
Cash, cash equivalents, and restricted cash, ending	<u>\$ 6,720,314</u>	<u>\$ 2,861,874</u>	<u>\$ -</u>	<u>\$ 32,917</u>	<u>\$ -</u>	<u>\$ 9,615,105</u>
Supplemental disclosure of cash flow activities						
Cash paid for interest	<u>\$ 768,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,191</u>	<u>\$ -</u>	<u>\$ 803,436</u>
Schedule of noncash investing activities						
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 281,098</u>	<u>\$ -</u>	<u>\$ 71,465</u>	<u>\$ -</u>	<u>\$ (71,465)</u>	<u>\$ 281,098</u>

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