Better Housing Coalition Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended December 31, 2020 with
Comparative Totals for 2019

Better Housing Coalition Inc. and Subsidiaries

Contents

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Independent Auditor's Report

The Board of Directors
Better Housing Coalition Inc. and Subsidiaries
Richmond, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Better Housing Coalition Inc. and Subsidiaries (a Virginia non-profit corporation) (The Company) which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statement 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Better Housing Coalition, Inc. and Subsidiaries as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain subsidiaries and affiliates which statements reflect total assets of $29,858,664, as of December 31, 2020 and total support and revenues of $3,212,098 for the year then ended. Those 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 these entities, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited Better Housing Coalition's 2019 consolidated financial statements. We did not audit the financial statements of certain subsidiaries and affiliates, which reflect total assets of $30,779,294 as of December 31, 2019 and total support and revenues of $2,998,190 for the year then ended. Those statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries was based solely on the reports of other auditors. Our report dated May 26, 2020, expressed an unmodified opinion on those audited consolidated financial statements based on our audit and the reports of other auditors. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited 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 supplementary consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, which insofar as it relates to the subsidiaries and affiliates referenced in the third paragraph of this report is based on the reports of other auditors is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

Richmond, Virginia
May 10, 2021

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Financial Position

December 31,	2020	(Comparative Totals) 2019
ASSETS		
Property and equipment:		
Buildings and improvements	**$ 136,586,504**	$ 127,333,284
Land	**11,576,391**	11,205,791
Furniture, fixtures and equipment	**1,565,401**	1,497,912
Vehicles	**87,974**	87,974
Construction in progress	**3,590,626**	6,499,862
Accumulated depreciation	**(47,579,162)**	(44,567,606)
Property and equipment, net	**105,827,734**	102,057,217
Current assets:		
Cash	**9,291,598**	7,456,854
Cash, restricted	**1,171,890**	826,949
Cash, donor restricted	**3,003,034**	771,241
Short-term investments, donor resrticted	**355,956**	346,632
Short-term investments	**92,666**	66,289
Restricted deposits	**6,052,121**	5,444,096
Tenant security deposits held in trust	**625,929**	583,215
Tenant receivables, net	**327,241**	369,718
HUD accounts receivable	**777**	-
Accounts receivable	**99,568**	35,395
Prepaid assets	**254,299**	256,798
Total current assets	**21,275,079**	16,157,187
Other assets:		
Deposits, other	**4,783**	4,783
Intangible assets, net	**128,593**	107,876
Total other assets	**133,376**	112,659
Total assets	**$ 127,236,189**	$ 118,327,063

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Financial Position

December 31,	2020	(Comparative Totals) 2019
LIABILITIES AND NET ASSETS		
Long-term liabilities:		
Lines of credit for construction, net of current maturities	**$ -**	$ 3,678,243
Mortgage and notes payable, net	**38,488,506**	26,085,590
Deferred revenue, net of current portion	**3,009,382**	3,309,433
Deferred payment note	**1,900,000**	1,900,000
Total long-term liabilities	**43,397,888**	34,973,266
Current liabilities:		
Current maturities of mortgages and notes payable	**1,036,399**	1,267,359
Current maturities of deferred revenue	**198,989**	198,989
Current maturities of lines of credit for construction	**5,538,714**	10,391,667
Accounts payable	**147,495**	709,969
Tenant security deposits	**601,292**	554,527
Miscellaneous current liabilities	**201,393**	77,775
Total current liabilities	**7,724,282**	13,200,286
Total liabilities	**51,122,170**	48,173,552
Net assets:		
Without restrictions:		
Controlling interests	**22,935,775**	20,371,275
Noncontrolling interests	**42,748,562**	41,367,193
	65,684,337	61,738,468
With restrictions	**10,429,682**	8,415,043
Total net assets	**76,114,019**	70,153,511
Total liabilities and net assets	**$ 127,236,189**	$ 118,327,063

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended December 31,	2020			(Comparative Totals) 2019
	Without restrictions	**With restrictions**	**Total**	Total
Revenues and other support:				
Contributions and philanthropic support	$ 1,095,274	$ 3,034,294	$ 4,129,568	$ 1,924,618
Grants and awards	497,344	142,000	639,344	702,009
Other revenue	1,200,766	-	1,200,766	369,825
Earned fees	860,148	-	860,148	419,661
Interest and investment income (loss)	47,438	-	47,438	93,404
Revenue and other support	3,700,970	3,176,294	6,877,264	3,509,517
Revenue (expense), property sales:				
Property sales	1,080,800	-	1,080,800	2,272,000
Subsidies, government	278,701	-	278,701	394,635
Cost of property sales	(1,860,078)	-	(1,860,078)	(2,726,028)
Homebuyer assistance	(17,800)	-	(17,800)	(37,200)
Net revenue (expense) from property sales	(518,377)	-	(518,377)	(96,593)
Revenue, rental properties:				
Rental revenue	12,979,237	-	12,979,237	12,457,361
Other tenant revenue	255,905	-	255,905	345,373
Laundry and vending	65,930	-	65,930	68,648
Revenue from rental properties	13,301,072	-	13,301,072	12,871,382
Net assets released from restrictions	1,161,655	(1,161,655)	-	-
Total sales, revenues and other support	17,645,320	2,014,639	19,659,959	16,284,306
Operating expenses:				
Rental properties	11,065,907	-	11,065,907	9,889,353
Property development activities	1,108,712	-	1,108,712	997,813
Community social work	797,255	-	797,255	680,716
Fund development	420,871	-	420,871	441,468
Management and general	500,996	-	500,996	609,698
Total operating expenses	13,893,741	-	13,893,741	12,619,048
Change in net assets before depreciation and amortization	3,751,579	2,014,639	5,766,218	3,665,258
Depreciation	4,091,864	-	4,091,864	4,007,616
Amortization	42,755	-	42,755	40,226
Change in net assets	(383,040)	2,014,639	1,631,599	(382,584)
Less: Decrease in net assets attributable to non controlling interests	(882,419)	-	(882,419)	(189,847)
Increase in net assets attributable to Better Housing Coalition	$ 499,379	$ 2,014,639	$ 2,514,018	$ (192,737)

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Schedule of Functional Expenses

Year Ended December 31,	2020						(Comparative Totals) 2019
	Program						
	Rental Properties	Property Development	Community Social Work	Management and General	Fund Development	Total	Total
Personnel and benefits	$ 2,335,813	$ 731,344	$ 777,109	$ 329,601	$ 341,614	$ 4,515,481	$ 4,097,267
Professional and consulting	273,855	54,890	22,339	27,177	27,080	405,341	358,380
Travel and training	30,209	7,555	6,732	10,545	2,816	57,857	156,826
Advertising and marketing	102,838	(2,801)	398	(7,573)	18,411	111,273	166,212
Interest and financial services	1,652,648	120,265	321	2,194	2,603	1,778,031	1,636,767
Taxes and insurance	1,335,126	62,806	1,441	9,847	1,201	1,410,421	1,153,843
Dues, memberships and subscriptions	21,643	20,970	1,183	6,030	4,813	54,639	32,537
Equipment	125,659	4,976	13,164	5,116	2,822	151,737	99,702
Office	310,366	10,737	10,647	3,934	5,265	340,949	304,336
Occupancy	31,969	37,537	8,662	59,193	7,219	144,580	138,415
Utilities	1,108,114	15,499	424	2,897	353	1,127,287	1,241,262
Resident services	28,794	16,857	(55,147)	26,581	3,242	20,327	43,828
Board and committee	2,889	3,026	698	4,771	911	12,295	44,402
Property operations	1,737,920	10,895	379	2,590	316	1,752,100	1,677,551
Property maintenance and repairs	1,726,878	2,659	(6)	(38)	(6)	1,729,487	1,226,612
Miscellaneous	107,312	-	-	-	-	107,312	80,199
Telephone and communications	133,874	11,497	8,911	18,131	2,211	174,624	160,909
Expenses before depreciation and amortization	11,065,907	1,108,712	797,255	500,996	420,871	13,893,741	12,619,048
Depreciation	4,015,680	74,207	228	1,558	191	4,091,864	4,007,616
Amortization	42,755	-	-	-	-	42,755	40,226
Total depreciation and amortization	4,058,435	74,207	228	1,558	191	4,134,619	4,047,842
Total expenses	$ 15,124,342	$ 1,182,919	$ 797,483	$ 502,554	$ 421,062	$ 18,028,360	$ 16,666,890

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Changes in Net Assets

Year Ended December 31,	2020			(Comparative Totals) 2019
	Without Restrictions	**With Restrictions**	**Total**	Total
Net assets, beginning of year	$ 61,738,468	$ 8,415,043	$ 70,153,511	$ 67,475,394
Capital contributions	4,328,909	-	4,328,909	3,060,701
Changes in net assets	(383,040)	2,014,639	1,631,599	(382,584)
Net assets, end of year	**$ 65,684,337**	**$ 10,429,682**	**$ 76,114,019**	$ 70,153,511

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended December 31,		2020		(Comparative Totals) 2019
Cash flows from operating activities:				
Change in net assets	$	**1,631,599**	$	(382,584)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**4,107,544**		4,022,882
Interest, debt issuance costs		**27,075**		24,960
Forgiveness of debt		**(30,000)**		-
Amortization of deferred revenue		**(300,051)**		(198,989)
Change in assets and liabilities:				
Tenant receivables		**42,477**		(179,862)
Accounts receivable		**(64,174)**		60,456
HUD receivables		**(777)**		1,236
Prepaid expenses		**2,498**		4,086
Tenant security deposit liability		**46,765**		71,924
Accounts payable and miscellaneous current liabilities		**(562,472)**		(143,964)
Accrued interest		**123,618**		15,941
Deferred revenue		**-**		(4,535)
Net cash provided by operating activities		**5,024,102**		3,291,551
Cash flows from investing activities:				
Purchase of property		**(7,862,381)**		(7,706,004)
Net change in short-term investments/notes receivable		**(26,377)**		(31,185)
Payments of loan costs and tax credit fees		**(165,990)**		(72,012)
Net cash used in investing activities		**(8,054,748)**		(7,809,201)
Cash flows from financing activities:				
Proceeds on lines of credit for construction		**4,685,993**		6,300,661
Payment on lines of credit for construction		**(1,356,663)**		(3,106,924)
Proceeds on notes payable		**1,584,163**		1,107,918
Payments on notes payable		**(1,139,722)**		(1,074,940)
Payments on note payable, related party		**(493)**		(493)
Capital contributions		**4,328,909**		3,060,701
Net cash provided by financing activities		**8,102,187**		6,286,923
Net increase in cash		**5,071,541**		1,769,273
Cash, cash equivalents and restricted cash, beginning of year		**15,428,987**		13,659,714
Cash, cash equivalents and restricted cash, end of year	$	**20,500,528**	$	15,428,987
Reconciliation of cash, cash equivalents and restricted cash balances:				
Cash	$	**9,291,598**	$	7,456,854
Cash, restricted		**1,171,890**		826,949
Cash, donor restricted		**3,003,034**		771,241
Short-term investments, donor resrticted		**355,956**		346,632
Restricted deposits		**6,052,121**		5,444,096
Tenant security deposits held in trust		**625,929**		583,215
Total cash, cash equivalents and restricted cash	$	**20,500,528**	$	15,428,987
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	$	**1,631,213**	$	1,711,532

See accompanying notes to financial statements.

1. Organization and Nature of Business

Better Housing Coalition (the "Coalition") is a not-for-profit corporation whose mission is to develop affordable housing communities in the Richmond, Virginia, metropolitan area. It serves as a sponsor/developer of both single family and multifamily dwellings in the Richmond metropolitan area. In addition, it provides community social work services to several multifamily housing communities. The Coalition derives its revenues from individual and corporate contributions, grants, fees from real estate development and management activities and rental income including property sales.

2. Summary of Significant Accounting Policies

Basis of accounting

The consolidated financial statements of the Coalition have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America; revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Consolidated financial statements

The consolidated financial statements include the accounts of the Coalition, Richmond Affordable Housing Inc., a developer of affordable single-family dwellings, BHC Management Company, organized to operate and maintain the rental properties outlined below, and all of the rental property entities listed below. The Coalition has common control since it has economic interest, as well as the majority voting power on the board of these entities. The consolidated financial statements include the accounts of limited partnership or limited liability companies in which the Coalition or one of its wholly-owned subsidiaries is the general partner or managing member but does not hold a majority financial interest. All material inter-company accounts and transactions have been eliminated in consolidation.

Legal Entity	Known As
Senior housing communities:	
Affordable Residences in Chesterfield, Inc.	Rockwood Village
1617-1621 Grove Avenue LP*	Columns on Grove
Market Square Elderly Housing LP*	Market Square
Market Square Elderly Housing LP Phase II*	Market Square II
Market Square Elderly Housing LP Phase III	Market Square Phase III
Market Square V, LLC	Market Square V
Market Square IV LLC***	Market Square IV
Nine Mile Road LLC*	Carter Woods Senior Apts
Nine Mile Road II LLC	Carter Woods Senior Apts Phase II
Richmond Urban Senior Housing, Inc.	Monarch Woods
300 Randolph Street LLC	Randolph Place
1208 North 28th St. LLC	Beckstoffer Seniors
Claiborne Square LLC	Claiborne Square

Legal Entity	Known As
Multifamily housing communities:	
Affordable Historic Residences of Richmond LP*	St. Andrews
Affordable Residences in Chesterfield II, Inc.	Winchester Greens
4101 North Avenue LLC	Lincoln Mews
4101 North Avenue II LLC	Lincoln Mews II
North Oak LLC	North Oak
Beckstoffer Lofts LLC*	Beckstoffer Lofts
Richmond Scattered Sites East LLC	Jefferson Mews
Richmond Scattered Sites West LLC	CaryWest
2230 Venable Street, LLC	Goodwyn at Union Hill
Commercial properties:	
Winchester Commons LLC*	Winchester Commons I
Winchester Commons II LLC*	Winchester Commons II

*These entities are consolidated in the financials of Richmond Affordable Housing, Inc.
***This project was new for 2019.

Basis of presentation

In accordance with ASU 2016-14, the Coalition is required to report information regarding its financial position and activities according to two classes of net assets: with restrictions and without restrictions. The consolidated financial statements report amounts separately by class of net assets as follows:

Net assets without restrictions: Net assets that are not subject to donor-imposed stipulations, representing investment of property and equipment and the portion of expendable resources that are available without limitation for support of operations. In addition, they represent resources over which the Board of Directors have discretionary control and are used to carry out operations. If the Board specifies a purpose where none has been stated by the original donor or other providers of funding, such funds are classified as Board designated funds.

Net assets with restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Board and/or passage of time. Net assets with donor restrictions represent resources currently available for use, but expendable only for those operating purposes specified by the donor or other providers of funding.

Accounting pronouncement adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes nearly all existing revenue recognition under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration an entity expects to be entitled to for those goods or services using a defined five-step process. More judgment and estimates may be required to achieve this principle than under existing U.S. GAAP. ASU 2014-09 can be adopted using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients or (ii) a retrospective approach with the cumulative effect upon initial adoption recognized at the date of adoption which includes additional footnote disclosures. The

Coalition has adopted ASU 2014-09 for the financial statements presented herein for the year ended December 31, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Coalition recognizes revenue, and therefore there was no cumulative effect on the opening balance of net assets as a result of adopting the standard as of January 1, 2019.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). Under ASU 2016-02, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. Upon issuance of ASU 2020-05, the adoption was deferred until annual periods, beginning after December 15, 2021. Management continues to evaluate the potential impact of this ASU on the Coalition’s consolidated financial statements.

Public support and revenue recognition

Public support and revenue are reported as increases in net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. If the restrictions expire in the year in which the revenues are recognized, then the revenues are reported as increases in net assets without restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The Coalition recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest 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 met. As of December 31, 2020 and 2019, $4,129,566 and $1,924,618, respectively, of contributions were received.

Contributions to be received after one year are discounted at an appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor- imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided, when necessary, based upon management’s judgment considering factors such as prior collection history, type of contribution and nature of fundraising activity.

Contributions received with donor-imposed restrictions are reported as revenues of the net asset with restrictions unless the restriction expires in the same year in which the revenues are recognized, in which case the revenues are reported as increases in net assets without restrictions. Contributions of land, building and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported as revenues of net assets without restrictions.

Revenue from government grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from program service fees is recognized when the service is completed.

The Coalition recognizes revenue from property sales when the property is sold. Costs incurred in connection with property sales are charged to expense upon closing and as such the Coalition satisfies its performance obligation upon closing of the sale of the property. The price is based on the sales contract with an affordable buyer at 80% area medium income who have gone through extensive home ownership classes and assessment of ability to be a successful homeowner. There are no variable considerations present and no financing component. As of December 31, 2020 and 2019, net revenue from property sales was loss of $518,377 and gain of $96,593, respectively.

Rental and commercial income is recognized for property rentals as they accrue. Lease terms are generally one to ten years. Advance receipts of rental income are deferred and classified as unearned revenue until earned. All leases between the real estate projects and the tenants are operating leases. Management has determined that the material revenue stream falls under current ASC 840-Leases and is not within the scope of ASU 2014-09, adopted in the current reporting period. Income is recognized as revenue when the leasing payments are due on a monthly basis. Total income recognized from rental revenue for the year ended December 31, 2020 and 2019, was $12,979,237 and $12,457,361, respectively.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated schedule of functional expenses. Accordingly, certain costs have been allocated as program, management and general, and fund development.

Receivables

Management reviews receivables, and determines if any that are considered to be an uncollectable expense. There was no allowance for doubtful accounts at December 31, 2020 and 2019.

Impairment of long-lived assets

Long-lived assets and certain intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Coalition reviews applicable intangible assets and long-lived assets on a periodic basis. When events or changes in circumstances indicate an asset may not be recoverable, the Coalition estimates the future cash flows expected to result from the use of the asset. If the sum of the expected undiscounted cash flows is less than the carrying value of the asset, an impairment loss is recognized. The impairment loss is recognized by measuring the difference between the carrying value of the asset group and the fair value of the asset group. The Coalition's estimates of fair values are based on the best information available and require the use of estimates, judgments and projections as considered necessary. The actual results may vary significantly. There were no impairment losses in 2020 and 2019.

Property and equipment

Property and equipment are stated at cost and depreciated by straight-line and accelerated methods over estimated useful lives which range as follows:

Buildings and improvements	5 – 40 years
Furniture, fixtures and equipment	5 – 15 years
Vehicles	5 years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in current year's operations.

Construction in progress

The costs associated with the acquisition and renovation of housing units is included in construction in progress until a unit is sold. Construction in progress of single family homes held for sale at December 31, 2020 and 2019 is $1,675,480 and $432,808, respectively. Total construction in progress as December 31, 2020 and 2019 was $3,590,626 and $6,499,862 with $143,745 and $8,822,208, respectively, remaining to be completed.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions.

Fair value of financial instruments

The carrying amounts of cash, short-term investments, escrows and reserves, receivables, prepaid expenses, deposits, account payable, accrued expenses and security deposits approximate fair value because of the short maturities of these instruments. Variable rate loans approximate fair value because of the variable rate. The fair value of the fixed-rate long-term debt was approximately $38,000,000 and $25,000,000 at December 31, 2020 and 2019, respectively, which is based on market rates for similar loans.

Donated services

A substantial number of unpaid volunteers have made significant contributions of their time. The value of this contributed time is not reflected as no objective basis is available to measure the value of such services.

Gifts-in kind

Gifts of real estate, professional services, cash and personal property are recorded at their estimated fair market value and recorded as revenue when received.

Cash equivalents

For purposes of the consolidated statement of cash flows, the Coalition considers all unrestricted highly liquid investments with a purchased maturity of three months or less to be cash equivalents.

Income taxes

Better Housing Coalition and its affiliates, Affordable Residences in Chesterfield, Affordable Residences in Chesterfield II, Richmond Affordable Housing and Richmond Urban Senior Housing, are nonprofit charitable organizations other than private foundations, as defined by Internal Revenue Code Section 501(c)(3) and are not subject to federal or Virginia income taxes.

BHC Management Company has been granted tax exempt status under Internal Revenue Code Section 501(c)(4). The Coalition's controlled limited liability partnerships and limited liability companies are subject to federal and state income taxes at the partner and member level. Better Housing Coalition and its non-profit subsidiaries noted above, have a partner or member interest in each of these taxable entities, accordingly, the accompanying consolidated financial statements do not reflect provision of federal or state income taxes.

Subsequent events

Management has evaluated subsequent events through May 10, 2021, the date the consolidated financial statements were available to be issued.

3. Liquidity and Availability of Financial Assets

The Coalition's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31,	**2020**	2019
Financial assets, at year end	**$ 20,593,194**	$ 15,495,276
Contractual or organizational imposed restrictions:		
Restricted cash	**(1,171,890)**	(826,949)
Donor-restricted cash	**(3,003,034)**	(771,241)
Donor-restricted investments	**(355,956)**	(346,632)
Restricted deposits	**(6,052,121)**	(5,444,096)
Tenant security deposit	**(625,929)**	(583,215)
Financial assets available to meet cash needs for general expenditures within one year	**$ 9,384,264**	$ 7,523,143

4. Net Assets with Donor Restrictions

The Coalition and its controlled entities have $10,929,682 and $8,415,043 in net assets with restrictions as of December 31, 2020 and 2019, respectively. Those restricted net assets consist of the following items detailed in the schedule below:

	2020	2019
Restricted by donors	**$ 3,358,989**	$ 1,117,873
Capital advances from HUD restricted for low income elderly housing	**5,146,414**	5,372,891
Contributed land from HUD restricted for affordable housing	**1,924,279**	1,924,279
	$ 10,429,682	$ 8,415,043

The Coalition is the beneficiary of an endowment held by the Community Foundation, the distributions from which are restricted to the development of new real estate activities. The value of such distributions is undeterminable, and the determination of future benefits is uncertain and also undeterminable.

Net assets were released from various donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2020	2019
Net assets released – Better Housing Coalition	**$ 500,720**	$ 16,274
Net assets released – Affordable Residences in Chesterfield and Richmond Urban Senior Housing	**226,477**	222,732
Net assets released – Richmond affordable Housing	**434,458**	158,570
Total net assets released from restrictions	**$ 1,161,655**	$ 397,576

5. Controlling and Non-Controlling Interests

The change in consolidated net assets without donor restriction attributed to controlling and non-controlling interests is as follows:

	Controlling Interest	Non-Controlling Interest	Total Net Assets Without Donor Restrictions
Balance, January 1, 2019	$ 21,434,618	$ 37,604,904	$ 59,039,522
Change in net assets	(1,063,343)	3,762,289	2,698,946
Balance, December 31, 2019	20,371,275	41,367,193	61,738,468
Change in net assets	2,564,500	1,381,369	3,945,869
Balance, December 31, 2020	**$ 22,935,775**	**$ 42,748,562**	**$ 65,684,337**

6. Concentrations

Financial instruments which potentially subject the Coalition to concentrations of credit risk consist of cash and unsecured receivables. The Coalition maintains its cash balances with financial institutions located in Richmond, Virginia. The Coalition places its cash with high credit quality financial institutions. Accounts at the institutions are secured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2020 and 2019, uninsured cash deposits were $12,736,204 and $6,911,051, respectively. Management rationally assesses the solvency of the financial institutions.

7. Retirement Plans

On January 1, 1997, the Coalition established a 403(b) retirement plan. Currently, the Coalition matches employee contributions up to 5% of an employee's salary. Employees are eligible for benefits after they are at least 21 years of age and have completed one year of service with at least 1,000 hours and are fully vested after three years of service. The Coalition's contribution to this plan in 2020 and 2019 was $156,212 and $148,814, respectively. In 2008, the plan was amended to bring it into compliance with the plan document requirements of the final 403(b) regulations. The plan was also amended in 2008 to allow for up to 2% base contribution for eligible employees effective January 1, 2009. The Coalition contributed 1% of base in 2020 and 2019.

The Coalition maintains a 457(b) Deferred Compensation Plan for certain eligible employees. At the Board of Directors discretion, the Coalition matches 25% of the employees' contributions up to the Internal Revenue Code limits of $18,000 or 100% of the employee's compensation. The plan also provides certain catch-up provisions for participants age 50 or over. The amounts contributed by the Coalition vest immediately. The Coalition's contribution to this plan in 2020 and 2019 was $10,512 and $12,871, respectively.

The Coalition maintains a 457(f) Deferred Compensation Plan for the CEO. At the Board of Directors discretion, the Coalition matches 25% of the employees' contributions. The amounts contributed by the Coalition vest immediately. The Coalition's contribution to this plan in 2020 and 2019 was $7,500 and $2,840, respectively.

The Coalition is also a participating partner agency in a multiple-employer noncontributory defined benefit plan with the United Way of Greater Richmond and Petersburg, the administrator of the plan. Participants in the plan become fully vested after three years of service. The actuarial present value of vested and non-vested accumulated plan benefits and the net assets available for benefits are not determined for the individual entities participating in this multiple-employer plan.

Future benefit accruals in the plan were frozen by the United Way on December 31, 2008 and the plan will be terminated when fully funded. Future contributions will be based on each agency's share of the plan's termination liability. Contributions to the plan began in 2010. The Coalition's contribution to this plan in 2020 and 2019 was $100,314 and $98,594, respectively.

All employees who were at least 21 years of age and had completed one year of service with 1,000 hours were enrolled in the defined benefit plan. Employees were vested having either completed three years of service or attaining early retirement age. Employees are eligible for full accrued benefits at age 65. Benefits are actuarially reduced according to age for eligible employees who retire prior to qualifying for full retirement benefits. The annual retirement benefit payable at age 65 is computed as follows: 1.5% of the final average earnings multiplied by the employee's credited service plus .5% of the final average earnings in excess of the social security average multiplied by the total years of credited service up to maximum of 35 years.

8. Restricted Deposits

The Coalition, through its subsidiaries, is required to maintain certain escrow accounts. The following shows the activity in those accounts for 2020 and 2019.

	Beginning Balance January 1, 2020	Additions and Interest	Withdrawals and Transfers	**Ending Balance December 31, 2020**
Operating reserve	$ 2,468,935	$ 311,592	$ -	**$ 2,780,527**
Taxes and insurance reserve	627,698	1,337,999	1,218,984	**746,713**
Repair and replacement reserve	2,347,463	790,129	612,711	**2,524,881**
	$ 5,444,096	$ 2,439,720	$ 1,831,695	**$ 6,052,121**

	Beginning Balance January 1, 2019	Additions and Interest	Withdrawals and Transfers	Ending Balance December 31, 2019
Operating reserve	$ 2,296,303	$ 207,722	$ 35,090	$ 2,468,935
Taxes and insurance reserve	586,979	1,090,952	1,050,233	627,698
Repair and replacement reserve	2,286,198	372,326	311,061	2,347,463
	$ 5,169,480	$ 1,671,000	$ 1,396,384	$ 5,444,096

9. Lease Commitments

Effective May 1, 2020, the Coalition entered into a property lease agreement with SNP Properties for office space located at 23 W. Broad St., Suite 100 and 303 and common area and maintenance charges (CAM). The lease is effective for four years through April 30, 2024. Annual base rent and CAM charges increase at a rate of 3%. Prior to this lease the Coalition had a lease with Cornerstone Architects, PLC which sold the property to SNP on July 1, 2018. SNP assumed the lease the Coalition had with Cornerstone and that lease expired on April 30, 2020.

Future minimum lease payments due under the lease are as follows for year ending December 31:

2021	$ 128,110
2022	131,953
2023	135,912
2024	45,748
	$ 441,723

10. Capital Advances

The Coalition, through a subsidiary, received from the Department of Housing and Urban Development a capital advance of $4,855,000 for construction of a low-income elderly housing community known as Rockwood Village. The capital advance agreement dated April 1, 1999, bears no interest and is not required to be repaid so long as the housing remains available to eligible very low-income households for a period of 40 years in accordance with Section 202 of the Housing Act of 1959, as amended. The capital advance is secured by a deed of trust on the property. Upon noncompliance with the agreement, the capital advance shall become immediately due and payable at an annual interest rate of 5.75%.

In addition, the Coalition through a subsidiary received a capital advance from the Department of Housing and Urban Development of $4,321,600 for construction of a low-income elderly housing community known as Monarch Woods. The capital advance agreement dated July 2, 2002, bears no interest and is not required to be repaid as long as the housing remains available to eligible very low income households for a period of 40 years in accordance with Section 202 of the Housing Act of 1959, as amended. The capital advance is secured by a deed of trust on the property. Upon noncompliance with the agreement, the capital advance shall become immediately due and payable at an annual interest rate of 5.75%.

Department of Housing and Urban Development capital advances granted were $9,176,600, less accumulated depreciation associated with the properties of $4,029,513, and $3,800,413 as of December 31, 2020 and 2019, respectively, and are reflected in the Coalition's net assets with restrictions.

11. Lines of Credit

Richmond Affordable Housing, Inc. has a construction line of credit with a local bank to build and acquire single family homes. The total amount available under this arrangement is $4,000,000 and for 2020 and 2019. The total amount outstanding at December 31, 2020 and 2019 was $548,159 and $745,919, respectively. The credit line is secured by deeds of trust on homes under development and/or guaranteed by Better Housing Coalition. Interest rate on this agreement is the Wall Street Journal Prime plus 1%. The balance on the line of credit has a maturity date of October 2021.

Better Housing Coalition has a construction line of credit with a local bank for predevelopment work. The total amount available under this arrangement is $1,000,000 for 2020. There was no outstanding balance at December 31, 2020 and 2019. The credit line is guaranteed by Better Housing Coalition and the interest rate is the Wall Street Journal Prime plus 1%. The line has a maturity date of October 2021.

Better Housing Coalition also has a line of credit with a lending foundation to be used to support the development and/or preservation of affordable housing. The total amount available under this arrangement is $10,000,000 for 2020 and 2019. There was no outstanding balance at December 31, 2020. The credit line is guaranteed by Better Housing Coalition and the interest rate is the Wall Street Journal Prime plus 2%. The line has a maturity date of September 2021.

In addition, Better Housing Coalition has a working line of credit with a local bank. The total amount available under this arrangement is $500,000 for 2020 and 2019. There was no outstanding balance at December 31, 2020 and 2019. The credit line is guaranteed by Better Housing Coalition and the interest rate is the Wall Street Journal Prime plus 1%. The line has a maturity date of October 2021.

In 2016, Affordable Residences in Chesterfield II, Inc. obtained a construction loan payable with a local bank. The total amount available under this arrangement is $8,957,000. The total amount outstanding at December 31, 2019 was $8,645,749. The note bears interest at a rate of LIBOR plus 2.65% and matured in April 2020.

In December 2018, Market Square V, LLC entered into two loan agreements with VHDA. The first loan has a total line of $3,400,000 with a balance of $3,036,084 for 2019 with an interest rate of 2.95% maturing in April 2051. The other loan of $1,000,000 outstanding as of December 31, 2019 has an interest rate of 3.78% maturing in May 2020. This loan was converted to a permanent loan during 2020.

In May 2019, Market Square IV, LLC entered into a loan agreement with BB&T. The loan has a total line of $6,000,000 with a balance of $4,990,555 and $642,159 for 2020 and 2019, respectively. The note bears interest at a rate of LIBOR plus 2.75% and matures in May 2021.

12. Letter of Credit Available for Construction

Richmond Affordable Housing, Inc. has a letter of credit with a local bank to build and acquire single family homes and predevelopment work. The total amount available under this arrangement is $2,000,000 with the total outstanding of $194,658 and $1,355,120 as of December 31, 2020 and 2019, respectively. The letter of credit fee on this agreement is 1.5% of each letter annually, with a minimum of $350. The letter of credit is required to be renewed annually.

13. Mortgages and notes payable, net

The Coalition, through its various consolidated affiliated organizations and partnerships, has notes payable secured by real estate for rental properties throughout the City of Richmond, Chesterfield County, Petersburg and Henrico County.

	2020	2019
Mortgage notes payable to Virginia Housing Development Authority (VHDA), with principal and interest due ranging from $3,053 through $29,031 bearing interest at 0% to 8.25%, maturing from May 2019 – June 2049.	**$ 28,221,624**	$ 25,628,543
Mortgage note payable to Union Bank bearing interest at 4% with monthly principal and interest payments of $47,278 due monthly through April 2023.	**8,817,050**	-
Mortgage note payable to Virginia Housing Partnership Revolving Fund, with principal and interest of $1,601, bearing interest at 2%, maturing January 2024.	**56,615**	74,498
Mortgage note payable to Federal Home Loan Bank of Atlanta bearing interest at 3%, with monthly principal and interest payments of $7,143 through June 2026.	**446,165**	517,078
Mortgage note payable to Virginia Community Capital, Inc. with monthly principal and interest of $1,848 due monthly, bearing interest at 2%, maturing April 2027.	**275,594**	291,961

	2020	2019
Note payable to St. Andrew's Association, 0% interest, due on demand.	-	30,000
Note payable to Northern Trust Company bearing interest at 2%. Interest is due quarterly. Principal and interest payments are due in full in March 2024.	**2,000,000**	1,000,000
Note payable to Restoration of Petersburg Community Development Corporation bearing interest at 4.64% with monthly principal and interest payments of $1,000 through December 2085.	**245,782**	246,275
	$ 40,062,830	$ 27,788,355

The liability of the Coalition under the mortgage notes is limited to the underlying value of the real estate collateralized.

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the mortgage notes. Amortization of debt issuance costs is reported as a component of interest expense over the term of the loan. Unamortized debt issuance costs were $537,925 and $435,406 as of December 31, 2020 and 2019, respectively. Amortization was $27,075 and $24,960 for 2020 and 2019, respectively, and is included in interest expense.

The following are the components of the mortgage payable as shown on the consolidated statement of financial position at December 31, 2020:

	2020	2019
Mortgage payable	**$ 40,062,830**	$ 27,788,355
Unamortized debt issuance costs	**(537,925)**	(435,406)
	39,524,905	27,352,949
Current portion	**(1,036,399)**	(1,267,359)
	$ 38,488,506	$ 26,085,590

Aggregate maturities of the long-term debt for future years are as follows:

2021	$ 1,036,399
2022	1,032,368
2023	9,212,554
2024	862,038
2025	2,901,770
Thereafter	25,017,701
	$ 40,062,830

14. Intangible Assets

The Coalition has certain costs relating to acquiring property which it has capitalized and these costs are being amortized based on the schedule below:

	Term	2020	2019
Tax credits	5 – 37 years	$ **328,469**	$ 300,511
Capitalized interest	27.5 years	**-**	13,608
		328,469	314,119
Accumulated amortization		**(199,876)**	(206,243)
		$ **128,593**	$ 107,876

Amortization expense for intangible assets was $15,680 and $15,266 for 2020 and 2019, respectively. The Coalition expects amortization expense for each of the next five fiscal years starting 2021 through 2025 to be $16,372.

15. Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. Advertising and marketing expense for 2020 and 2019 was $111,273 and $166,212, respectively.

16. Related Parties Transactions

Asset management fees

The Coalition is required through a consolidated entity to pay Community Equity Fund XIV, Inc., the investor member, an annual asset management fee. The asset management fee will increase at the rate of 4% each year. Total fees of $7,890 and $7,586 were incurred during 2020 and 2019, respectively. $7,890 and $7,586 remains payable as of December 31, 2020 and 2019, respectively.

The Coalition is required through a consolidated entity to pay Community Equity Fund XV, LP, the investor member, an annual asset management fee. The asset management fee will increase at a rate of 3% each year. Total fees of $7,392 and $7,176 were incurred during 2020 and 2019, respectively. $7,392 and $7,176 remains payable as of December 31, 2020 and 2019, respectively.

The Coalition is required through a consolidated entity to pay Community Equity Fund XXIV, LP, the investor member, an annual asset management fee. The asset management fee will increase at a rate of 3% each year. Total fee of $2,500 was incurred during 2020. $2,500 remains payable as of December 31, 2020.

The Coalition is required through a consolidated entity to pay SCPF III, LP, the investor member, an annual asset management fee. The asset management fee has no annual increase. Total fee of $5,000 was incurred during 2020. $5,000 remains payable as of December 31, 2020.

The Coalition is required through consolidated entities to pay NEF Assignment Corporation, the investor member, annual asset management fees. The asset management fees will increase at a rate of 3% each year. Total fees were $7,343 and $11,667 for 2020 and 2019, respectively. No fees remain payable as of December 31, 2020 and 2019.

The Coalition is required through consolidated entities to pay Housing Capital Corporation, the investor member, annual asset management fees. Total fees of $52,292 and $33,425 for 2020 and 2019. No fees remain payable as of December 31, 2020 and 2019.

The Coalition is required through a consolidated entity to pay Bank of America CDC Special Holding Company, Inc., the special investor member, an annual asset management fee. The asset management fee will increase at the rate of 3% each year and is payable from future cash flows. Total fees of $5,628 and $5,464 were incurred during 2020 and 2019, respectively. $5,628 and $5,464 remain payable as of December 31, 2020 and 2019, respectively.

Investor service fee

The Coalition is required through two consolidated entities to pay Enterprise Community Investment, Inc. annual investor service fees in accordance with the investor services agreements. Total fees of $15,056 and $14,548 were incurred during the year ended December 31, 2020 and 2019, respectively. The investor services fees will increase at the rate of 3% and 4% each year to the extent the entities have available cash flow.

17. Deferred Revenue

Lincoln Mews II has received a grant of $4,008,253 as part of Section 1602 Tax Credit Exchange Program of the American Recovery and Reinvestment Act of 2009. Lincoln Mews II must comply with section 1602 by meeting certain requirements, including tenant eligibility and rental charges as restricted in accordance with Internal Revenue Code Section 42. Management has certified that compliance has been met. The total amount of the grant was recorded as deferred revenue and will be amortized over the compliance period. During both 2020 and 2019, $145,755 was amortized to income. At December 31, 2020 and 2019, deferred revenue was $2,524,024 and $2,669,779, respectively. Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance could result in default and the recapture of 6.67% of the grant amount for each year of noncompliance.

Claiborne Square, LLC has a grant agreement with VHDA for exchange funds of $798,510 to be used in the construction of the project. The cash grant provided by VHDA is in exchange for low-income housing tax credits. The grant revenue will be recognized evenly over the 15-year tax credit compliance period. During both 2020 and 2019, $53,234 was amortized to income. At December 31, 2020 and 2019, deferred revenue was $292,787 and $346,021, respectively.

18. Deferred Payment Note

Claiborne Square, LLC has a deferred payment note with VHDA of $1,900,000 with an interest rate of zero percent. Repayment of the principal shall be deferred through December 31, 2041. Beginning on December 31, 2042, one-twentieth (1/20th) of the principal balance shall be due and payable on December 31 of each year until December 31, 2061, at which time the balance of principal remaining unpaid shall be due and payable.

19. Project Rental Assistance Contracts

The U.S. Department of Housing and Urban Development has contracted with Richmond Urban Senior Housing, Inc. and Affordable Residences in Chesterfield, Inc. to make housing assistance payments on behalf of qualified tenants. For 2020 and 2019, $524,526 and $435,888, respectively, was received in assistance payments. The current contracts expire January 31, 2022 and August 31, 2021, respectively, and if not renewed could substantially impact the rental income of the individual properties.

20. Commitments and Contingencies

Except to the extent of $3,812,590 of guarantees provided by the Better Housing Coalition to various consolidated entities, the creditors of these partnerships and limited liability companies have no further recourse against the Coalition. In addition to $3,812,590 of guarantees provided by the Coalition to various consolidated entities, there are guarantees for credit adjustments that would be difficult to value.

Richmond Affordable Housing, Inc. has contracted with various builders for the construction of single-family homes. The total contract amount of the construction in-process as of December 31, 2020 and 2019, was $463,692 and $384,045, respectively, and $143,745 and $568,724 was outstanding on those contracts at December 31, 2020 and 2019, respectively.

21. Rental Income

In June 2018, Winchester Commons II, LLC entered into a rental agreement with Capital Area Health Network. The lease is effective for five years through May 31, 2023. The Organization received $38,836 and $38,066 in rental income during 2020 and 2019, respectively.

In July 2016, the Winchester Commons I & II entered into rental agreements with Chesterfield Community Services Board. The leases are effective for five years through June 30, 2021 with the option to renew the lease for an additional five years. The Organization received $167,458 and $162,580 in rental income during 2020 and 2019, respectively.

In January 2019, Affordable Residences in Chesterfield II, Inc. entered into a rental agreement with Genesis Learning Center, LLC. The lease is effective for five years through December 31, 2023 with the option to renew the lease for an additional two years. The Organization received $70,871 and $51,329 in rental income during 2020 and 2019, respectively.

In August 2018, Richmond Affordable Housing entered into a rental agreement with Wells Fargo Bank. The lease is effective for five years through July 31, 2023 with the option to renew the lease for an additional five years. The Organization received $41,860 in rental income during both 2020 and 2019.

Expected rental income under these leases for the years subsequent to 2020 is as follows:

2021	$	225,096
2022		159,700
2023		121,159
	$	505,955

22. Endowment

The Coalition is the beneficiary of the Hilton W. Goodwyn and Hallie J. Goodwyn fund. Hilton W. Goodwyn Jr. and his wife, Erline H. Goodwyn in honor of Hilton Goodwyn Jr.'s parents, established the fund solely for the benefit of the Coalition. This $6,000,000 endowed charitable fund is held within the Community Foundation. It will be administered by them and subject to its governing documents and polices. The spendable income each year shall be available to support "bricks and mortar" capital projects of the Coalition in creating high-quality affordable housing. No amounts shall be used for administration or non-building programs. The Coalition's distribution from the endowment in 2020 and 2019 was $249,244 and $213,849, respectively.

During 2020, the Coalition created a $500,000 endowment. The BHC board of directors designates this endowment for the purpose of sustaining and providing annual income to offset BHC programmatic and core expenses as determined by the board defined spending policy. All donor designated endowment gifts and all undesignated realized bequests and planned gifts will be deposited into this endowment account. There were no amounts distributed in 2020.

23. Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 27, 2020, the "Coronavirus Aid, Relief, and Economic Security (CARES) Act", was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans ("PPP loans") that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Coalition has applied for and has received, funds under the Paycheck Protection Program in the amount of $861,500. The application for these funds requires the Coalition to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Coalition. This certification further requires the Coalition to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Coalition having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria. On November 17, 2020 the Coalition received approval from SBA the loan is fully forgiven.

Although the Coalition cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it could have an adverse effect on the Coalition's results of future operations, financial position, and liquidity in fiscal year 2020.

Supplementary Information

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Financial Position - December 31, 2020

	Total LIHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
ASSETS							
Property and equipment:							
Buildings and improvements	$ 86,264,939	$ 12,827,966	$ 35,081,150	$ -	$ 513,911	$ 1,898,538	$ 136,586,504
Land	6,791,077	282,440	2,689,282	640,000	1,173,592	-	11,576,391
Furniture, fixtures and equipment	1,001,750	153,446	173,037	229,639	7,529	-	1,565,401
Vehicles	42,475	-	6,128	39,371	-	-	87,974
Construction in progress	-	-	-	-	3,590,626	-	3,590,626
Accumulated depreciation	(23,879,775)	(6,174,653)	(16,165,712)	(263,776)	(394,283)	(700,963)	(47,579,162)
Property and equipment, net	70,220,466	7,089,199	21,783,885	645,234	4,891,375	1,197,575	105,827,734
Current assets:							
Cash	1,793,637	390,613	750,884	3,986,318	2,224,231	145,915	9,291,598
Cash, restricted	153,750	13,652	500,773	500,000	-	3,715	1,171,890
Cash, donor restricted	-	-	-	2,857,978	145,056	-	3,003,034
Short-term investments, donor restricted	-	-	-	355,956	-	-	355,956
Short-term investments	-	-	-	92,666	-	-	92,666
Restricted deposits	4,151,143	314,265	1,566,200	-	-	20,513	6,052,121
Tenant security deposits held in trust	398,532	48,300	179,097	-	-	-	625,929
Tenant receivables, net	154,880	4,410	32,692	116,700	-	18,559	327,241
HUD accounts receivable	(401)	-	1,178	-	-	-	777
Current accounts receivable	-	-	-	91,623	7,945	-	99,568
Prepaid assets	245,787	-	-	8,512	-	-	254,299
Total current assets	6,897,328	771,240	3,030,824	8,009,753	2,377,232	188,702	21,275,079
Other assets:							
Deposits, other	-	-	-	4,783	-	-	4,783
Intangible assets, net	128,593	-	-	-	-	-	128,593
Total other assets	128,593	-	-	4,783	-	-	133,376
Total assets	$ 77,246,387	$ 7,860,439	$ 24,814,709	$ 8,659,770	$ 7,268,607	$ 1,386,277	$ 127,236,189

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Financial Position - December 31, 2020

	Total LIHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
LIABILITIES AND NET ASSETS							
Long-term liabilities:							
Mortgages and notes payable, net	$ 24,378,687	$ 3,138,462	$ 8,598,369	$ 2,000,000	$ -	$ 372,988	$ 38,488,506
Deferred revenue, net of current portion	2,649,095	1,463	8,177	184,235	166,412	-	3,009,382
Deferred payment note	1,900,000	-	-	-	-	-	1,900,000
Total long-term liabilities	28,927,782	3,139,925	8,606,546	2,184,235	166,412	372,988	43,397,888
Current liabilities:							
Current maturities of lines of credit	4,990,556	-	-	-	548,158	-	5,538,714
Current maturities of notes payable	600,912	143,629	218,681	-	-	73,177	1,036,399
Current maturities of deferred revenue	198,989	-	-	-	-	-	198,989
Accounts payable	92,925	7,766	10,039	3,974	32,791	-	147,495
Tenant security deposits	375,715	46,300	175,562	-	-	3,715	601,292
Miscellaneous current liabilities	111,547	4,947	82,674	2,225	-	-	201,393
Total current liabilities	6,370,644	202,642	486,956	6,199	580,949	76,892	7,724,282
Total liabilities	35,298,426	3,342,567	9,093,502	2,190,434	747,361	449,880	51,122,170
Total net assets	41,947,961	4,517,872	15,721,207	6,469,336	6,521,246	936,397	76,114,019
Total liabilities and net assets	$ 77,246,387	$ 7,860,439	$ 24,814,709	$ 8,659,770	$ 7,268,607	$ 1,386,277	$ 127,236,189

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Activities - Year Ended December 31, 2020

	Total LHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
Revenues and other support:							
Contributions and philanthropic support	$ -	$ -	$ -	$ 4,129,568	$ -	$ -	$ 4,129,568
Grants and awards	-	-	-	639,344	-	-	639,344
Other revenue	283,233	12,117	68,281	837,135	-	-	1,200,766
Earned fees	-	-	-	225,000	635,148	-	860,148
Interest and investment income	7,551	1,213	565	28,907	9,202	-	47,438
Total revenue and other support	290,784	13,330	68,846	5,859,954	644,350	-	6,877,264
Revenue (expenses), property sales:							
Property sales	-	-	-	-	1,080,800	-	1,080,800
Subsidies, government	-	-	-	-	278,701	-	278,701
Cost of property sales	-	-	(361,019)	-	(1,499,059)	-	(1,860,078)
Homebuyer assistance	-	-	-	-	(17,800)	-	(17,800)
Net revenue (expenses) from property sales	-	-	(361,019)	-	(157,358)	-	(518,377)
Revenue, rental properties:							
Rental revenue	7,808,542	1,069,000	3,853,543	-	41,860	206,292	12,979,237
Other tenant revenue	80,475	14,310	126,581	-	-	34,539	255,905
Laundry and vending	47,337	9,026	9,567	-	-	-	65,930
Total revenue from rental properties	7,936,354	1,092,336	3,989,691	-	41,860	240,831	13,301,072
Total sales, revenues and other support	$ 8,227,138	$ 1,105,666	$ 3,697,518	$ 5,859,954	$ 528,852	$ 240,831	$ 19,659,959

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Activities - Year Ended December 31, 2020

	Total LIHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
Operating expenses:							
Personnel and benefits	$ 751,349	$ 114,149	$ 263,162	$ 2,864,493	$ 522,328	$ -	$ 4,515,481
Professional and consulting	137,630	20,485	59,028	150,542	37,476	180	405,341
Travel and training	11,168	1,589	5,075	39,157	868	-	57,857
Advertising and marketing	56,934	11,986	17,141	23,211	2,001	-	111,273
Interest and financial services	1,113,356	162,612	373,165	10,025	104,032	14,841	1,778,031
Taxes and insurance	852,652	96,986	380,204	24,018	34,819	21,742	1,410,421
Dues, memberships and subscriptions	9,441	1,364	3,225	23,463	17,146	-	54,639
Equipment	72,571	9,244	26,486	41,705	1,731	-	151,737
Office	135,570	17,729	34,702	39,308	8,067	175	235,551
Bad debt	50,583	15,314	39,501	-	-	-	105,398
Occupancy	-	-	206	144,374	-	-	144,580
Utilities	816,020	79,607	210,930	7,068	5,411	8,251	1,127,287
Resident services	8,146	1,328	64,095	(53,242)	-	-	20,327
Board and committee	-	-	-	12,295	-	-	12,295
Property operations	1,077,170	129,284	530,076	6,317	5,501	3,752	1,752,100
Property maintenance and repairs	1,127,855	135,191	463,854	(97)	-	2,684	1,729,487
Miscellaneous	107,020	292	-	-	-	-	107,312
Telephone and communications	75,618	11,854	30,416	56,736	-	-	174,624
Total operating expenses	6,403,083	809,014	2,501,266	3,389,373	739,380	51,625	13,893,741
Change in net assets before depreciation and amortization	1,824,055	296,652	1,196,252	2,470,581	(210,528)	189,206	5,766,218
Depreciation	2,641,559	431,829	941,456	3,801	22,133	51,086	4,091,864
Amortization	37,633	5,122	-	-	-	-	42,755
Change in net assets	$ (855,137)	$ (140,299)	$ 254,796	$ 2,466,780	$ (232,661)	$ 138,120	$ 1,631,599