NOVOGRADAC & COMPANY LLP®

Century Housing Corporation and Affiliates

Consolidated Financial Statements with Report of Independent Auditors
December 31, 2020 and 2019

CENTURY HOUSING CORPORATION AND AFFILIATES

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Report of Independent Auditors

To the Board of Directors of
Century Housing Corporation and Affiliates:

We have audited the accompanying consolidated financial statements of Century Housing Corporation, a California nonprofit public benefit corporation, and Affiliates (the "Corporation"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 auditors consider 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the accompanying supplementary information on pages 45-53 are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position or changes in net assets of the individual entities, and they are also 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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Novogradac & Company LLP

Walnut Creek, California
April 27, 2021

CENTURY HOUSING CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 15,452,068	$ 16,677,357
Restricted cash	19,895,360	23,879,076
Accounts receivable, net	606,414	509,784
Investments	119,806,458	109,830,370
Interest receivable	2,040,893	1,892,085
Notes receivable, net	366,592,660	284,519,978
Deferred charges, net	619,048	431,379
Prepaid expenses and other assets	865,216	547,352
Real estate held for investment, net	286,024,435	276,490,098
Furniture, fixtures and equipment, net	4,630,888	4,133,776
Total assets	$ 816,533,440	$ 718,911,255
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	$ 4,860,737	$ 12,655,664
Accrued interest	3,830,284	3,182,056
Security deposits	1,347,539	1,175,704
Deferred income	2,113,934	1,742,126
Fair value of interest rate swap liability	5,174,684	3,277,546
Bonds payable, net of unamortized debt issuance costs	133,538,292	99,400,035
Notes payable and lines of credit, net of unamortized debt issuance costs	269,892,127	279,332,012
Other liabilities	4,072,389	1,757,110
Forgivable loans	233,334	433,334
Total liabilities	425,063,320	402,955,587
Net assets:		
Without donor restriction		
Controlling interest	258,421,540	224,011,153
Non-controlling interest	112,771,958	76,558,015
Total net assets without donor restriction	371,193,498	300,569,168
With donor restriction - controlling interest	20,276,622	15,386,500
Total net assets	391,470,120	315,955,668
Total liabilities and net assets	$ 816,533,440	$ 718,911,255

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
LENDING AND CORPORATE REVENUE		
Investment interest and dividends	$ 2,236,768	$ 2,448,209
Income from notes receivable	25,762,576	24,994,516
Residual receipts and contingent asset income	8,449,864	698,224
Other income	287,355	72,258
Net assets released from restrictions	-	2,000,000
Total lending and corporate revenue	36,736,563	30,213,207
HOUSING REVENUE AND SUPPORT		
CVC, CADI and other real estate operations		
Rental property income	17,953,697	15,312,656
Debt forgiveness income	200,000	327,237
Other real estate income	42,766	19,150
Grant income	1,555,952	-
Income from certificated state credits	8,259,796	-
Contributions and fundraising income	735,363	607,483
Total housing revenue and support	28,747,574	16,266,526
Total revenue	65,484,137	46,479,733
LENDING AND CORPORATE EXPENSES		
Allocation for loan losses	1,089,739	871,858
Borrowing fees	129,499	305,252
Interest expense	8,334,641	10,030,007
Salaries and employee benefits	5,110,557	4,905,091
Professional fees	380,122	323,032
Business development expenses	291,987	399,309
General and administrative expenses	914,118	911,835
Depreciation and amortization expense	185,756	76,036
Total lending and corporate expenses	16,436,419	17,822,420
HOUSING EXPENSES		
CVC, CADI and other real estate operations		
Rental property expenses	7,717,110	7,335,155
Property depreciation and amortization	9,629,100	7,623,233
Interest expense	3,349,818	2,408,048
Other real estate expenses	413,650	328,177
Housing salaries and employee benefits	6,075,623	5,708,979
Total housing expenses	27,185,301	23,403,592
Total expenses	43,621,720	41,226,012

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Change in net assets without donor restriction before other income and expenses	$ 21,862,417	$ 5,253,721
OTHER INCOME AND (EXPENSES)		
Realized and unrealized gains on financial investments	7,981,299	9,604,527
Unrealized loss on interest rate swap	(1,897,138)	(2,861,603)
Loss on interest rate swap termination	(2,332,570)	-
Income tax expense	(21,367)	(15,300)
Bad debt expense	(175,657)	(131,419)
Net other income and (expenses)	3,554,567	6,596,205
Change in net assets without donor restriction from operations	25,416,984	11,849,926
Contributions from non-controlling interest	45,271,977	17,122,573
Distributions to non-controlling interest	(7,131)	(12,423)
Syndication costs paid by non-controlling interest	(57,500)	(65,074)
Change in net assets without donor restriction	70,624,330	28,895,002
Change in net assets with donor restriction		
Contributions	4,890,122	8,200,000
Release from net assets with donor restriction	-	(2,000,000)
Change in net assets with donor restriction	4,890,122	6,200,000
Change in net assets	75,514,452	35,095,002
Net assets at beginning of year	315,955,668	280,860,666
Net assets at end of year	$ 391,470,120	$ 315,955,668

CENTURY HOUSING CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program	Administrative	Fundraising	Total
LENDING AND CORPORATE EXPENSES				
Allocation for loan losses	$ 1,089,739	$ -	$ -	$ 1,089,739
Borrowing fees	129,499	-	-	129,499
Interest expense	8,334,641	-	-	8,334,641
Salaries and employee benefits	1,756,835	3,314,239	39,483	5,110,557
Professional fees	380,122	-	-	380,122
Business development expenses	291,987	-	-	291,987
General and administrative expenses	-	914,118	-	914,118
Depreciation and amortization expense	-	185,756	-	185,756
Total lending and corporate expenses	11,982,823	4,414,113	39,483	16,436,419
HOUSING EXPENSES				
CVC, CADI and other real estate operations				
Rental property expenses	7,639,639	-	77,471	7,717,110
Property depreciation and amortization	9,629,100	-	-	9,629,100
Interest expense	3,349,818	-	-	3,349,818
Other real estate expenses	413,650	-	-	413,650
Housing salaries and employee benefits	4,237,010	1,838,613	-	6,075,623
Total housing expenses	25,269,217	1,838,613	77,471	27,185,301
TOTAL	37,252,040	6,252,726	116,954	43,621,720
OTHER EXPENSES				
Unrealized loss on interest rate swap	1,897,138	-	-	1,897,138
Loss on interest rate swap termination	2,332,570	-	-	2,332,570
Income tax expense	21,367	-	-	21,367
Bad debt expense	175,657	-	-	175,657
Total other expenses	4,426,732	-	-	4,426,732
TOTAL EXPENSES	$ 41,678,772	$ 6,252,726	$ 116,954	$ 48,048,452

CENTURY HOUSING CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program	Administrative	Fundraising	Total
LENDING AND CORPORATE EXPENSES				
Allocation for loan losses	$ 871,858	$ -	$ -	$ 871,858
Borrowing fees	305,252	-	-	305,252
Interest expense	10,030,007	-	-	10,030,007
Salaries and employee benefits	1,689,201	3,180,412	35,478	4,905,091
Professional fees	323,032	-	-	323,032
Business development expenses	399,309	-	-	399,309
General and administrative expenses	-	911,835	-	911,835
Depreciation and amortization expense	-	76,036	-	76,036
Total lending and corporate expenses	13,618,659	4,168,283	35,478	17,822,420
HOUSING EXPENSES				
CVC, CADI and other real estate operations				
Rental property expenses	7,243,332	-	91,823	7,335,155
Property depreciation and amortization	7,623,233	-	-	7,623,233
Interest expense	2,408,048	-	-	2,408,048
Other real estate expenses	328,177	-	-	328,177
Housing salaries and employee benefits	4,435,263	1,273,716	-	5,708,979
Total housing expenses	22,038,053	1,273,716	91,823	23,403,592
TOTAL	35,656,712	5,441,999	127,301	41,226,012
OTHER EXPENSES				
Unrealized loss on interest rate swap	2,861,603	-	-	2,861,603
Income tax expense	15,300	-	-	15,300
Bad debt expense	131,419	-	-	131,419
Total other expenses	3,008,322	-	-	3,008,322
TOTAL EXPENSES	$ 38,665,034	$ 5,441,999	$ 127,301	$ 44,234,334

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 75,514,452	$ 35,095,002
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions from non-controlling interest	(45,271,977)	(17,122,573)
Distributions to non-controlling interest	7,131	12,423
Syndication costs paid by non-controlling interest	57,500	65,074
Debt forgiveness income	(200,000)	(327,237)
Grant income	(1,138,500)	-
Interest expense - debt issuance costs	605,223	435,322
Depreciation and amortization expense	9,814,856	7,699,269
Allocation for loan losses	1,089,739	871,858
Bad debt expense	175,657	131,419
Realized and unrealized gains on financial investments	(7,981,299)	(9,604,527)
Unrealized loss on interest rate swap	1,897,138	2,861,603
(Increase) decrease in assets		
Accounts receivable, net	(272,287)	(331,143)
Interest receivable	(148,808)	(389,810)
Prepaid expenses and other assets	(317,864)	(113,332)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	84,754	831,303
Accrued interest	514,643	1,088,068
Security deposits	171,835	176,823
Other liabilities	1,677,377	1,247,856
Deferred income	371,808	398,100
Net cash provided by operating activities	36,651,378	23,025,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of accounts payable and accrued expenses - construction	(9,225,447)	(8,490,035)
Purchase of real estate held for investment	(16,403,001)	(30,758,075)
Purchase of furniture, fixtures and equipment	(1,661,596)	(1,310,817)
Increase in deferred charges	(41,226)	(33,978)
Advances in notes receivable	(268,878,839)	(246,789,027)
Receipts from notes receivable	185,716,418	203,401,478
Purchase of investment securities	(2,140,989)	(18,704,301)
Proceeds from sales of investment securities	146,200	15,752,369
Net cash used in investing activities	(112,488,480)	(86,932,386)

CENTURY HOUSING CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable and lines of credit	$ 71,927,089	$ 162,422,821
Payments of notes payable and lines of credit	(81,211,840)	(204,216,070)
Proceeds from PPP loan	1,138,500	-
Proceeds from bonds payable	85,000,000	100,000,000
Payment of bonds payable	(50,000,000)	-
Increase in debt issuance costs	(1,432,998)	(1,025,284)
Contributions from non-controlling interest	45,271,977	17,122,573
Distributions to non-controlling interest	(7,131)	(12,423)
Syndication costs paid by non-controlling interest	(57,500)	(65,074)
Net cash provided by financing activities	70,628,097	74,226,543
Net change in cash, cash equivalents and restricted cash	(5,209,005)	10,319,655
Cash, cash equivalents and restricted cash at beginning of year	40,556,433	30,236,778
Cash, cash equivalents and restricted cash at end of year	$ 35,347,428	$ 40,556,433
Cash and cash equivalents	$ 15,452,068	$ 16,677,357
Restricted cash	19,895,360	23,879,076
Total cash, cash equivalents and restricted cash	$ 35,347,428	$ 40,556,433
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 10,564,593	$ 12,520,441
Cash paid for income taxes	$ 21,367	$ 15,300
Interest capitalized to fixed assets	$ 133,585	$ 1,605,776
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Increase in grant income from interest forgiven	$ 6,452	$ -
Increase in real estate assets held for investment, net, accounts payable and accrued liabilities, accrued interest, and other liabilities	$ 2,117,253	$ 9,225,447
Reclassification of deferred charges from real estate assets held for investment	$ 202,000	$ -
Reclassification of debt issuance costs from real estate assets held for investment	$ 189,102	$ -

1. Organization

Century Housing Corporation ("Century") is a California nonprofit public benefit corporation exempt from state and federal income taxation. Century is the successor-in-interest to a housing program formerly administered by the State of California under the supervision of the United States District Court ("Court") and a Consent Decree entered in settlement of Keith v. Volpe (U.S. District Court, 72-355 HP). Century and its predecessor have developed and/or financed more than 46,575 affordable housing units throughout the State of California.

Century provides certain business activities and service programs to communities within the State of California. The following are the significant activities:

Affordable Housing Financing – Century operates primarily as a lender to developers, builders and other nonprofit entities to provide and maintain affordable homes.

Affordable Housing Development – Century engages in the development, preservation, and management of affordable housing through its Century Villages at Cabrillo, Inc. ("CVC") and Century Affordable Development, Inc. ("CADI") affiliates.

2. Summary of significant accounting policies and nature of operations

Principles of consolidation
The accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of Century and its controlled affiliates (collectively, the "Corporation"):

Century Villages at Cabrillo, Inc. and affiliates
Century Affordable Development, Inc. and affiliates
Century Community Children's Centers, Inc.
Century Pointe, Inc.
Century California Fund, LLC, and
Century Metropolitan Fund, LLC
Century Long Term Value Fund, LLC

All material intercompany transactions and balances have been eliminated in consolidation.

Century Villages at Cabrillo, Inc. and affiliates
CVC controls the following entities, in which CVC is the controlling general partner or managing member.

CVC is the sole member in the following LLCs, who in turn hold the general partner interest in the following partnerships:

LLC	Limited Partnership	Ownership
CVC Phase II, LLC (1)	Plaza de Cabrillo, LP ("Plaza de Cabrillo")	0.01%
CVC Phase IV, LLC	Cabrillo Gateway, LP ("Cabrillo Gateway")	0.01%
CVC Phase V, LLC	Anchor Place, LP ("Anchor Place")	0.01%

(1) CVC Phase II, LLC owns 99% interest in Plaza de Cabrillo as of December 31, 2019.

2. Summary of significant accounting policies and nature of operations (continued)

Century Villages at Cabrillo, Inc. and affiliates (continued)
CVC is the sole general partner in the following partnerships:

Limited Partnership	Ownership
Long Beach Savannah Housing, L.P. ("Savannah")	0.10%
Casa de Cabrillo, L.P. ("Casa")	0.01%
The Family Commons at Cabrillo, L.P. ("Family Commons")	0.01%

CVC is the sole member of Century Villages Property Management, LLC ("CVPM"), which is the property management business for the Villages at Cabrillo.

Century Affordable Development, Inc. and affiliates
CADI controls the following entities, in which CADI is the controlling general partner or managing member.

CADI is the sole member in the following LLCs, who in turn hold the general partner interest in the following partnerships:

LLC	Limited Partnership	Ownership
CADI VI, LLC	Century Arrowhead Vista, L.P. ("Arrowhead Vista")	0.01%
CADI VII, LLC	Florence Morehouse, L.P. ("Florence Morehouse")	0.01%
CADI VIII, LLC	Beacon Place, L.P. ("Beacon Place")	0.01%
CADI IX, LLC	Beacon Pointe, L.P. ("Beacon Pointe")	0.01%
CADI X, LLC	Century Beachwood Apartments 2, LP ("Century Beachwood 2")	0.01%
CADI Eleven, LLC	Casa Rita, LP ("Casa Rita")	0.01%
CADI XII, LLC (1)	Woodbridge Apartments, L.P. ("Woodbridge")	0.01%

(1) CADI XII, LLC owns 51% interest in Woodbridge as of December 31, 2019.

CADI is the 1% managing member of 12010 South Vermont, LLC ("Vermont") and Century is the 99% member. Vermont is the sole general partner of Academy Hall, L.P. ("Academy Hall") and owns a 0.01% interest in Academy Hall. CADI also owns 99.9% and 99.99% of Savannah and Casa, respectively.

Partnerships that are controlled by Century and its controlled affiliates, regardless of ownership percentage, are included in the consolidated financial statements. The accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of the following partnerships:

Long Beach Savannah Housing, L.P.
Casa de Cabrillo, L.P.
The Family Commons at Cabrillo, L.P.
Academy Hall, L.P.
Cabrillo Gateway, L.P.
Anchor Place, L.P.
Century Arrowhead Vista, L.P.
Florence Morehouse, L.P.
Century Beachwood Apartments 2, L.P.
Beacon Pointe, L.P.
Beacon Place, L.P.
Casa Rita, L.P.
Plaza de Cabrillo, L.P.
Woodbridge Apartments, L.P.
West LA Veterans Collective, LLC

2. Summary of significant accounting policies and nature of operations (continued)

Basis of accounting
The Corporation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Financial statement presentation
The Corporation conforms to accounting principles generally accepted for not-for-profit organizations, which require the Corporation to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. Furthermore, information is required to segregate program service expenses from management and general expenses. Income earnings on net assets with donor restriction are recognized as net assets without donor restriction.

Use of estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents
Cash is defined as cash in demand deposit accounts as well as cash on hand. The Corporation considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. The carrying amounts of cash and cash equivalents approximate their fair value.

Restricted cash
Restricted cash is not considered cash and cash equivalents, and includes cash deposited into separate bank accounts being held as collateral, and security deposits, operating reserves and replacement reserves that certain entities have been required to establish. Restricted cash also includes cash held under the provisions of the CDFI Fund. The carrying amounts of restricted cash approximate their fair value.

Concentration of credit risk
The Corporation maintains its cash balances in various banks. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each bank. At times, these balances may exceed the federal insurance limit; however, the Corporation has not experienced any losses with respect to bank balances in excess of government provided insurance. As of December 31, 2020, cash balances in excess of the FDIC limits totaled $20,934,000.

Investments
All debt and equity securities are carried at estimated fair value. Realized gains and losses on investments are determined using the specific-identification method. Unrealized gains and losses arise from changes in the fair value of debt and equity securities and are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions.

2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurements

The Corporation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

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

Level 3: Unobservable inputs that reflect the Corporation's own assumptions.

The following tables present certain Corporation assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2020 and 2019:

	December 31, 2020			
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Marketable securities	$ 89,828,135	$ -	$ -	$ 89,828,135
U.S. Treasury obligations	29,978,323	-	-	29,978,323
Guarantee fees	-	-	50,701	50,701
Notes receivable, net	-	-	366,592,660	366,592,660
	$ 119,806,458	$ -	$ 366,643,361	$ 486,449,819
Liabilities				
Guaranty liability	$ -	$ -	$ 50,701	$ 50,701
Interest rate swap	-	5,174,684	-	5,174,684
Bonds payable	133,538,292		-	133,538,292
Notes payable and lines of credit	269,892,127	-	-	269,892,127
Forgivable loans	233,334	-	-	233,334
	$ 403,663,753	$ 5,174,684	$ 50,701	$ $408,889,138

2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurements (continued)

	December 31, 2019			
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Marketable securities	$ 82,184,445	$ -	$ -	$ 82,184,445
U.S. Treasury obligations	27,645,925	-	-	27,645,925
Guarantee fees	-	-	50,701	50,701
Notes receivable, net	-	-	284,519,978	284,519,978
	$ 109,830,370	$ -	$ 284,570,679	$ 394,401,049
Liabilities				
Guaranty liability	$ -	$ -	$ 50,701	$ 50,701
Interest rate swap	-	3,277,546	-	3,277,546
Bonds payable	99,400,035		-	99,400,035
Notes payable and lines of credit	279,332,012	-	-	279,332,012
Forgivable loans	433,334	-	-	433,334
	$ 379,165,381	$ 3,277,546	$ 50,701	$ 382,493,628

Investments in marketable securities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker dealer quotations or alternative pricing sources with reasonable levels of price transparency.

U.S. Treasury obligations are based on prices provided by vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that the values of U.S. Treasury obligations are actively quoted, they are categorized as Level 1. To the extent these inputs are observable and timely, the values of these securities are categorized as Level 2; otherwise, the values are categorized as Level 3.

Interest rate swaps are classified within Level 2 of the fair market value hierarchy because the fair value of the interest rate swap is based on notional amounts, interest rates, maturity date and other contract terms and is valued using a third-party.

Guarantee fees and liability are classified within Level 3 of the fair market value hierarchy because they are valued based on the income approach (e.g., the discounted cash flow method) and based on management's assumption of the discount rate.

Notes receivable are classified within Level 3 of the fair value hierarchy because they are valued based on future discounted cash flows and management's assumptions of various lending risk factors and existing market conditions.

The carrying amounts of bonds payable, notes payable and lines of credit, and forgivable loans approximate fair value because the Corporation can obtain similar loans at the same terms.

2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurements (continued)

The changes in notes receivable measured at fair value for which the Corporation has used Level 3 inputs to determine fair value are as follows:

Notes receivable, net:	
Balance, January 1, 2019	$ 242,238,733
Advances	246,789,027
Principal payments received	(203,635,924)
Allocation for loan losses	(871,858)
Balance, December 31, 2019	284,519,978
Advances	268,878,839
Principal payments received	(185,716,418)
Allocation for loan losses	(1,089,739)
Balance, December 31, 2020	$ 366,592,660

Derivatives and hedging activities

The Corporation recognizes all derivatives on the statement of financial position at fair value. Derivatives that do not qualify for the hedge accounting are adjusted to fair value through income. If the derivative is a hedge instrument, depending on the nature of the hedge transaction, the changes in the fair value of derivative instrument are either offset against the earnings of the hedged item or recognized in other comprehensive income (loss) in net assets until the hedged item is recognized in earnings. The ineffective portion of a derivative hedge instrument is immediately recognized in earnings. The Corporation is a party to a derivative financial instrument for the purpose of limiting its exposure to interest rate fluctuations through the use of interest rate swaps. Derivatives are held only for the purpose of hedging or limiting such risks, not for speculation. As of December 31, 2020 and 2019, none of the Corporation's derivative financial instruments qualify as hedges.

Investment in limited partnerships

The Corporation holds interests of 50% or less in limited partnerships, which are accounted for using the equity method of accounting. The initial investment is recorded at cost and is subsequently increased by the Corporation's share of earnings and decreased by the Corporation's share of losses and distributions. Under the equity method, losses from operating partnerships in which the Corporation is not required to fund any operating deficit obligations are no longer recognized once the balance in the investment account reaches zero.

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

2. Summary of significant accounting policies and nature of operations (continued)

Notes receivable and allowance for loan losses

Notes receivable are reported net of an allowance for loan losses. Management's estimate of the allowance is based on historical collection experience and a review of the current status and collections of notes receivable. Management's policy is to establish an allowance for loan losses of up to 2% on the outstanding balance of loans with no prior history of non-performance. Loans that exhibit non-performance are re-evaluated by management and the allowance for loan losses is adjusted accordingly. As of December 31, 2020 and 2019, management had established an allowance for loan losses in the amount of $5,325,438 and $4,616,120, respectively. The allowance for loan losses at December 31, 2020 and 2019 is summarized as follows:

Balance, January 1, 2019	$ 3,744,262
Provision for losses	871,858
Balance, December 31, 2019	4,616,120
Charge offs of loan losses	(380,421)
Provision for losses	1,089,739
Balance, December 31, 2020	$ 5,325,438

Real estate held for investment

Real estate held for investment is stated at cost. The cost of maintenance and repairs is expensed as incurred, while major renewals and betterments are capitalized. The Corporation rents some of these assets to qualifying tenants under operating leases. Rental payments received in advance are deferred until earned. In addition, the Corporation records depreciation expense on the rented homes. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over the estimated service life of approximately 28 years using the straight-line method.

Buildings, leasehold improvements and office equipment are stated at cost of acquisition or construction. Assets purchased from commonly controlled entities are recorded at the seller's carrying value. Expenditures for maintenance and repairs are expensed as incurred, while major renewals and betterments are capitalized. Costs of the properties constructed, rehabilitated or still under development include all direct costs of construction as well as carrying costs, such as interest, during the construction period and indirect costs of construction, supervision, and management. It is the Corporation's policy to consider any items purchased with an estimated useful life of more than one year and a cost in excess of $1,000 for capitalization.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statements of activities. Depreciation is computed using the straight-line method over estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Buildings and improvements	27.5 - 40 years
Furniture and fixtures	5 - 7 years
Equipment	5 years
Leasehold improvements	Over life of lease

2. Summary of significant accounting policies and nature of operations (continued)

Impairment of long-lived assets
The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during 2020 or 2019.

Deferred charges and amortization
Deferred charges are recorded at cost and amortized on a straight-line basis. Tax credit fees are amortized over the tax credit compliance period. Ground lease fees are amortized over the life of the lease.

Revenue recognition
Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue such as contingent assets income and sale of certificated state credits are accounted for in the year in which the payments are received. Advance receipts of revenue are deferred and classified as liabilities until earned.

Contributions
Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Corporation reports contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Grant revenue
The Corporation received grants from governments, agencies and others, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The grants are recognized as revenue when the qualifying costs are incurred. Funds received for costs not yet incurred are recorded as deferred revenue. Funds for qualifying costs incurred and recognized as revenue but not yet received are recorded as accounts receivable.

Loan fees
Loan fees represent the origination fees charged to the borrowers of the Corporation. Loan origination fees are recognized as revenue upon closing of the loans when the cost of originating the loans is equal or greater than the loan origination fees received. In the case where the loan origination fees received are greater than the cost incurred to originate the loans, the excess of loan fees received over loan origination costs will be deferred and recognized as revenue over the terms of the loans.

2. Summary of significant accounting policies and nature of operations (continued)

Development fee income

Development fee income from non-consolidated affiliates is recognized as the project is completed under a percentage of completion method or in accordance with the developer fee agreement. Developer fees earned on the development of properties owned by CVC, CADI, and Century, either temporarily or permanently, are not recognized as income. Developer fee profits recognized from affiliated limited partnerships are eliminated as intercompany transactions. Century estimates that 90% of its developer fees cover related project costs. Project costs include costs of development, such as consultants, allocated internal salaries and benefits, related overhead, and other non-reimbursed fees that are ordinarily capitalized. The 10% profit portion of the development fees is considered deferred income and amortized annually to offset the depreciation expense related to the fee capitalized as real property costs. See deferred development fee income schedule on Note 18.

Sale of assets

The Corporation records its gain or loss on the sale of assets by recording the cost of sale of the asset as a reduction against the sale proceeds received. The cost of the sale of the asset is determined based upon the historical cost of the asset, net of any accumulated depreciation recorded through the date of the sale, and increased for any closing costs or commission incurred on the sale.

Non-controlling interests in limited partnerships

The non-controlling interests in limited partnerships represent the aggregate positive balances of the limited partners' equity interests in Family Commons, Academy Hall, Cabrillo Gateway, Anchor Place, Plaza de Cabrillo, Arrowhead Vista, Florence Morehouse, Beacon Pointe, Beacon Place, Century Beachwood 2, Casa Rita, and Woodbridge that are included in the consolidated financial statements, while the negative balances of the limited partners' interest reduce the Corporation's net assets.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses that are directly identifiable are allocated to programs. Accordingly, certain administrative costs are allocated among program services and supporting services based on estimates of time and effort.

Income taxes

The Corporation is a nonprofit public benefit corporation and is exempt from federal and state tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code (the "Codes"). Management believes that all material activities of the Corporation are within the tax-exempt guidelines of the Codes. Accordingly, no provision for income taxes is included on the accompanying consolidated financial statements.

Income taxes on partnership and LLC income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the partnerships are recognized by each partner and member on its respective tax return.

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes (continued)

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Subsequent events

Subsequent events have been evaluated through April 27, 2021, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted cash

The Corporation's restricted cash consisted of the following at December 31, 2020 and 2019:

	2020	2019
Security deposits	$ 1,337,754	$ 1,132,359
Replacement reserves	2,137,336	5,336,054
Operating reserves	3,104,837	2,299,322
Transition reserves	730,311	391,148
Construction reserves	-	1,595,504
General Partner reserves	45,021	45,021
Impound deposits	129,772	131,668
CDFI/Capital Magnet Funds	6,966,122	9,238,000
Swap collateral	4,710,000	3,710,000
Holdback escrow	734,207	-
Total restricted cash	$ 19,895,360	$ 23,879,076

4. Investments – Century Housing Corporation

Publicly traded securities and U.S. Treasury obligations are valued at quoted market prices. These investments are comprised of the following at December 31, 2020 and 2019:

	2020	2019
Total Market Equity Fund	$ 14,410,484	$ 11,982,996
Loomis Sayles High Yield Fund	6,788,844	6,561,372
Bain Senior Loan Fund	6,842,916	6,526,534
Vanguard Total International Stock Index Fund	10,300,982	9,256,528
Dodge & Cox Fund	22,492,715	20,550,371
JP Morgan Core Bond Fund	22,058,804	20,401,961
U.S. Treasury Inflation-Protected Securities	29,978,323	27,645,925
BlackRock Minimum Volatility Index Fund	6,046,790	5,871,883
Total securities	$ 118,919,858	$ 108,797,570

4. Investments – Century Housing Corporation (continued)

As of December 31, 2020 and 2019, Century held shares of Federal Home Loan Bank of San Francisco ("FHLB") capital stock in the amount of $886,600 and $1,032,800, respectively. Members of FHLB are required to own a certain amount of stock based on the level of borrowings and other factors. The carrying value of FHLB capital stock approximates fair value.

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended December 31, 2020 and 2019:

	2020	2019
Interest on cash and cash equivalents	$ 95,663	$ 400,054
Interest income and dividends	2,141,105	2,048,155
Unrealized/realized gains	4,303,065	6,742,924
Total investment gains	$ 6,539,833	$ 9,191,133

5. Notes receivable, net – Century Housing Corporation

Notes receivable consist of notes secured by the real property of affordable housing development projects located in the State of California. Advances under the notes receivable bear interest at rates ranging from 2% to 10%. Notes receivable, secured by affordable housing development projects and unsecured, totaled $389,540,933 and $299,513,325 as of December 31, 2020 and 2019, respectively.

On December 14, 2012, Century entered into an Origination and Participation Agreement with Golden State Acquisition Fund, LLC ("GSAF") to which GSAF will provide 25% of the loan funds, which are obtained from the California Department of Housing and Community Development ("HCD"), to support eligible affordable housing developments as governed by the terms and provisions of the HCD Loan Agreement as well as the Participation Agreement. As of December 31, 2020 and 2019, the portion of the loan funded by GSAF was $10,370,389 and $7,314,781, respectively, and is offset against notes receivable on the accompanying consolidated statements of financial position.

Century owes GSAF interest accrued on the portion of loans funded by GSAF. The outstanding balance due to GSAF as of December 31, 2020 and 2019 was $48,779 and $36,872, respectively, which is included in accrued interest on the accompanying consolidated statements of financial position.

During 2020 and 2019, Century received Affordable Housing Program awards from Federal Home Loan Bank of San Francisco ("FHLB AHP") for certain affordable housing development projects. As of December 31, 2020 and 2019, the portion of the loan funded by FHLB AHP was $7,252,446 and $3,062,446, respectively, and is offset against notes receivable on the accompanying consolidated statements of financial position.

5. Notes receivable, net – Century Housing Corporation (continued)

Outstanding principal is scheduled to be received over each of the next five years and thereafter as follows:

Year ending December 31:	
2021	$ 264,386,743
2022	85,138,603
2023	11,427,174
2024	1,662,993
2025	1,308
Thereafter	26,924,112
Total notes receivable	389,540,933
Less allowance for doubtful accounts	(5,325,438)
Less participant purchases	(17,622,835)
Total notes receivable, net	$ 366,592,660

6. Real estate held for investment

The Corporation's real estate held for investment consists of the following at December 31, 2020 and 2019:

	2020	2019
Land	$ 40,111,058	$ 37,924,479
Buildings and improvements	243,926,757	191,902,160
Leasehold improvements	25,895,704	20,500,015
Construction in progress	15,727,959	63,439,754
Total real estate held for investment	325,661,478	313,766,408
Less accumulated depreciation	(39,637,043)	(37,276,310)
Total real estate held for investment, net	$ 286,024,435	$ 276,490,098

Real estate held for investment, net owned by the affiliated entities at December 31, 2020 and 2019, is as follows:

	2020	2019
Century Housing Corporation	$ 6,446,580	$ 6,500,747
Century Affordable Development, Inc.	6,540,572	10,155,578
Century Villages at Cabrillo, Inc.	13,288,435	13,808,663
CVC – Consolidated partnerships	98,096,226	97,405,272
CADI affiliated limited partnerships	161,652,622	148,619,838
Total real estate held for investment, net	$ 286,024,435	$ 276,490,098

Depreciation expense on real estate held for investment during 2020 and 2019 was $8,594,815 and $5,895,393, respectively.

7. Furniture, fixtures and equipment, net

The Corporation's furniture, fixtures, and equipment consist of the following at December 31, 2020 and 2019:

	2020	2019
Furniture and fixtures	$ 6,181,417	$ 8,727,599
Equipment	5,408,696	2,208,881
Total furniture, fixtures and equipment	11,590,113	10,936,480
Less accumulated depreciation	(6,959,225)	(6,802,704)
Total furniture, fixtures and equipment, net	$ 4,630,888	$ 4,133,776

Depreciation expense on furniture, fixtures and equipment during 2020 and 2019 was $1,164,484 and $1,764,951, respectively.

8. Deferred charges and amortization

The Corporation's deferred charges consist of the following at December 31, 2020 and 2019:

	2020	2019
Tax credit fees	$ 839,328	$ 723,962
Ground lease fees	22,500	22,500
Total deferred charges	861,828	746,462
Accumulated amortization	(242,780)	(315,083)
Total deferred charges, net	$ 619,048	$ 431,379

Amortization expense during 2020 and 2019 was $55,557 and $38,925, respectively.

9. Employee benefit plans – Century Housing Corporation

The Corporation has a Section 403(b) defined contribution plan for its employees. Eligible employees may contribute a percentage of their annual compensation, subject to certain limitations, to the 403(b) defined contribution plan. For all participants, the Corporation will contribute 3% of an employee's gross salary and will match employee contributions up to 4% of gross salary to the 403(b) defined contribution plan. During the years ended December 31, 2020 and 2019, the total amount contributed by the Corporation to the plan was $704,489 and $557,683, respectively, which is included in salaries and employee benefits on the accompanying consolidated statements of activities.

Century also has a Section 457(b) deferred compensation plan for a select group of management and highly compensated employees. Employees may defer and contribute a portion of their annual compensation, subject to certain limitations, to the 457(b) plan.

10. Contingent and restricted assets: affordable housing financing – Century Housing Corporation

During the formation of Century, Century's predecessor (Century Freeway Housing Program ("CFHP"), a housing program administered by the state of California), contributed certain notes receivable and net assets with donor restrictions to fund additional notes receivable for affordable housing. These loans were made to facilitate the acquisition of land, provide construction financing and make available permanent financing of affordable housing at rates substantially below current market interest rates. These loans provided for affordable housing based on rent and income restrictions established by CFHP. Century monitors compliance with these restrictive covenants, which continue for a period of 15 years or more. These affordable housing loans were generally interest-free until the completion of construction, and then accrued simple interest generally at 3% per annum deferred for their term. Principal and interest are due only after the payment of normal operating expenses, taxes and debt service on senior loans.

The loans extended to single family borrowers generally accrue interest at 3% per annum deferred for the term of the loan. They are generally due at maturity, 30 years from the note date, or in the event the borrower sells, transfers or conveys the property prior to the maturity of the note. There are no payments required during the term of the loans unless stipulated in the notes.

Repayment of these loans is dependent on operating income, residual value of the affordable housing units, and/or a violation of the terms of the loan, such as selling the property at market, all of which cannot be predicted. As a result, management has determined that repayment of these loans is uncertain and has not recorded the notes receivable or accrued interest on the books of the Corporation. Therefore, should repayment occur, it will be accounted for as contingent assets income in the year in which the payments are received.

Contingent assets represented by affordable housing loans outstanding as of December 31, 2020 and 2019, total $57,735,746 and $62,694,750, respectively, and have an effective interest rate of 3% per annum. Unrecognized accrued interest receivable as of December 31, 2020 and 2019 was $37,751,750 and $40,406,775, respectively. For the years ended December 31, 2020 and 2019, the Corporation recognized income in the amount $8,449,864 and $698,224 from these loans, respectively, which is included in "Residual receipts and contingent asset income" on the consolidated statements of activities.

11. Notes payable: housing activities

Note payable – Federal Home Loan Bank of San Francisco
On November 15, 2007, CVC obtained a development loan from the Federal Home Loan Bank of San Francisco's Affordable Housing Program ("FHLB AHP") in the amount of $972,000 and funded by First Federal Bank of California. Loan proceeds were loaned to CVC under conditions stipulated in certain loan and regulatory agreements. Repayment of the loan is secured by a third deed of trust on the real property of Family Commons. The loan bears no interest and matures in November 2023, which is fifteen years from the date of Family Commons' project completion date. If CVC complies with the terms of the loan and regulatory agreements, the principal balance will be forgiven upon maturity. CVC, in turn, made a loan in the amount of $972,000 to Family Commons for the development of its low-income housing tax credit project, subject to the same terms as the loan from FHLB AHP. As of December 31, 2020 and 2019, the outstanding principal was $972,000.

11. Notes payable: housing activities (continued)

Note payable – Federal Home Loan Bank of San Francisco (continued)
On July 23, 2015 and October 1, 2015, Cabrillo Gateway and Anchor Place, respectively, entered into a development loan agreement with FHLB AHP. During 2016, these were funded by Wells Fargo Financial National Bank in the amount of $800,000 and $1,500,000, respectively. The loans are secured by deeds of trust, non-interest bearing, and mature on June 1, 2070 and December 31, 2072, respectively. As of December 31, 2020 and 2019, the outstanding principal was $2,300,000.

On May 22, 2017 and November 21, 2017, Beacon Place and Beacon Pointe, respectively, entered into a development loan agreement with FHLB AHP. During 2019, these were funded by Wells Fargo Financial National Bank in the amount of $760,000 and $1,500,000, respectively. The loans are secured by deeds of trust, non-interest bearing, and mature on May 1, 2072 and December 1, 2072, respectively. As of December 31, 2020 and 2019, the outstanding principal was $2,260,000.

On December 1, 2017, Century Beachwood 2, entered into a development loan agreement with FHLB AHP. During 2019, the loan was funded by MUFG Union Bank, N.A. in the amount of $440,000. The loan is secured by a deed of trust, non-interest bearing, and matures on December 1, 2072. As of December 31, 2020 and 2019, the outstanding principal was $440,000.

On June 1, 2019, Florence Morehouse entered into a development loan agreement with FHLB AHP. During 2020, the loan was funded by Wells Fargo Financial National Bank in the amount of $590,000. The loan is secured by a deed of trust, non-interest bearing, and matures on June 1, 2074. As of December 31, 2020, the outstanding principal was $590,000.

Notes payable – Long Beach Community Investment Company
On December 15, 2008, Family Commons obtained financing for the construction of its project from loan proceeds funded by the Long Beach Community Investment Company, formerly known as the Long Beach Housing Development Company, in an amount not to exceed $11,775,000 (the "LBHDC Loan"). Repayment of the LBHDC Loan is secured by a deed of trust and matures in November 2063. The LBHDC Loan is non-interest bearing and requires annual principal payments from residual receipts, as defined in the partnership agreement. As of December 31, 2020 and 2019, the outstanding principal was $11,753,554.

On December 30, 2014, CADI acquired the Long Beach & Anaheim Phase II Property (the "Phase II Property") through assumption of debt and executed a loan agreement with the Long Beach Community Investment Company ("LBCIC") to assume the outstanding principal encumbering the Phase II Property in the amount of $2,276,000 (the "LBCIC Loan"). During 2014, CADI discounted the principal debt assumed at acquisition to its present value as of the acquisition date. On November 15, 2017, the LBCIC Loan was amended and assigned to Beacon Pointe. The amended LBCIC Loan is non-interest bearing and matures 55 years after the recordation of the Release of Construction Covenants, as defined in the loan agreement. As of December 31, 2020 and 2019, the outstanding principal was $2,276,000.

11. Notes payable: housing activities (continued)

Notes payable – Long Beach Community Investment Company (continued)
On November 15, 2017, Beacon Pointe obtained financing for the construction of its project from loan proceeds funded by the LBCIC in the amount of $10,000,000 (the "LBCIC Construction Loan"). Repayment of the LBCIC Construction Loan is secured by a deed of trust and matures 55 years after the recordation of the Release of Construction Covenants, as defined. The LBCIC Construction Loan accrues interest at 3% per annum, and requires annual principal payments from residual receipts, as defined in the partnership agreement. As of December 31, 2020 and 2019, the outstanding principal was $10,000,000, and accrued interest was $929,589 and $627,500, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $311,404 and $300,000, of which $0 and $300,000 was capitalized to fixed assets, respectively.

Note payable – The Bank of New York Mellon Trust Company, N.A.
On April 1, 2009, Academy Hall obtained financing for the acquisition and rehabilitation of the project from the proceeds of tax-exempt Multifamily Housing Revenue Bonds, Series 2009B issued by the City of Los Angeles (the "Issuer") in the amount of $5,000,000 (the "Tax-Exempt Bonds"). Concurrent with the issuance of the Tax-Exempt Bonds, the Issuer entered into a Trust Indenture with The Bank of New York Mellon (the "Trustee"). Proceeds for the Tax-Exempt Bonds were loaned by the Issuer to Academy Hall under conditions stipulated in the loan agreement and the Trust Indenture. A loan in the amount of $5,000,000 was funded to Academy Hall on April 1, 2009 (the "Construction Loan"). Repayment of the loan is secured by the real property of Academy Hall and bears a variable interest rate equal to the sum of the British Bankers Association LIBOR Daily floating rate plus 2.5%, which shall never be less than 3% or exceed 12%. Commencing May 1, 2010, the Construction Loan shall bear interest at a fixed rate of 6.25%. In November 2012, the Construction Loan converted into permanent financing, at which point payments of principal were due based on the redemption of the underlying Tax-Exempt Bonds. The interest rate remained fixed at 6.25%. Any unpaid principal and accrued interest is due in full at maturity on November 1, 2040. As of December 31, 2020 and 2019, the outstanding principal was $2,020,000 and $2,075,000, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $128,277 and $134,306, respectively.

Notes payable – California Housing Finance Agency
On November 1, 2013, Cabrillo Gateway entered into a promissory note under the Mental Health Services Act Program ("MHSA") in the amount of $1,600,000, and on November 1, 2015, Anchor Place entered into a promissory note under the MHSA in the amount of $1,710,000 (the "MHSA Loans"). Both loans are funded by the California Housing Finance Agency ("CalHFA"). Repayment of the MHSA Loans is secured by deeds of trust and the loans mature on November 1, 2068 and November 1, 2070, respectively. The MHSA Loans bear simple interest at a rate of 3% per annum and require annual payments of accrued interest and outstanding principal from residual receipts, as defined in the promissory note. As of December 31, 2020 and 2019, the outstanding principal was $3,310,000, and accrued interest was $604,513 and $505,213, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $99,300 for each year.

On October 1, 2020, Beacon Pointe executed a loan with CalHFA under the Local Government Special Needs Housing Program (the "SNHP") in the principal amount of $1,000,000. The SNHP loan is secured by a deed of trust, assignment of rents, and security agreement and fixture filing. The SNHP loan bears simple interest at a rate of 3% per annum with annual payments of accrued interest and principal in an amount equal to the project's residual receipts, as defined in the loan agreement. The loan has a term of 55 years with all unpaid principal and accrued interest due on October 1, 2075. As of December 31, 2020, the principal balance of the loan was $1,000,000.

11. Notes payable: housing activities (continued)

Notes payable – Wells Fargo Bank, N.A.

On May 24, 2017, Beacon Place entered into a promissory note with Wells Fargo Bank, N.A. ("Wells Fargo") in an amount up to the total maximum of $15,933,599 (the "Beacon Place WFB Loan") for the construction of a multifamily housing development consisting of 39 units. Repayment of the Beacon Place WFB Loan is secured by a deed of trust and an accommodation deed of trust encumbering certain improvements and property as legally defined in the loan agreement. The Beacon Place WFB Loan bears interest at a rate equal to one month LIBOR plus 1.75% and is calculated on a basis of a 360-day year. Interest is payable in arrears on the first business day of each month. The entire principal balance of the Beacon Place WFB Loan, together with all accrued and unpaid interest and all other amounts payable were due on March 15, 2020. As of December 31, 2019, the outstanding principal balance was $15,678,932 and accrued interest was $47,220. On March 20, 2020, a portion of the Beacon Place WFB Loan was repaid upon its conversion to a permanent loan, and the remaining balance was sold from Wells Fargo to California Community Reinvestment Corporation ("CCRC"). Interest expense for the years ended December 31, 2020 and 2019 was $119,239 and $601,894, of which $0 and $142,696 was capitalized to fixed assets, respectively.

On June 1, 2017, Florence Morehouse executed a construction loan with Wells Fargo in the principal amount of $9,500,000. On June 1, 2019, Florence Morehouse executed a supplemental loan with Wells Fargo in the principal amount of $4,246,179 as additional financing for the project. The loans are secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loans bear interest at a rate equal to one month LIBOR plus 1.45% and is calculated on a basis of a 360-day year. Interest is payable in arrears on the first business day of each month. The entire principal balance of the loans, together with all accrued and unpaid interest and all other amounts payable were due on February 17, 2020. As of December 31, 2019, the outstanding principal balance was $12,672,816 and accrued interest was $34,468. On October 29, 2020, a portion of the loan was repaid upon its conversion to a permanent loan, and the remaining balance of the loan was sold from Wells Fargo to CCRC. Interest expense for the years ended December 31, 2020 and 2019 was $246,787 and $236,205, of which $0 and $163,777 was capitalized to fixed assets, respectively.

On November 27, 2017, Beacon Pointe entered into a promissory note with Wells Fargo in an amount up to the total maximum of $37,266,748 (the "Beacon Pointe WFB Loan") for the construction of a multifamily housing development consisting of 121 units. Repayment of the Beacon Pointe WFB Loan is secured by a deed of trust and an accommodation deed of trust encumbering certain improvements and property as legally defined in the loan agreement. The Beacon Pointe WFB Loan bears interest at a rate equal to one month LIBOR plus 1.75% and is calculated on a basis of a 360-day year. Interest is payable in arrears on the first business day of each month. The entire principal balance of the Beacon Pointe WFB Loan, together with all accrued and unpaid interest and all other amounts payable were due on May 15, 2020, with the option to extend the term of the loan upon satisfaction of conditions set forth in the loan agreement. As of December 31, 2019, the outstanding principal balance was $31,024,565 and accrued interest was $89,260. On October 20, 2020, a portion of the loan was repaid upon its conversion to permanent loan, and the remaining balance of the loan was sold from Wells Fargo to CCRC. Interest expense for the years ended December 31, 2020 and 2019 was $720,369 and $972,879, of which $0 and $972,879 was capitalized to fixed assets, respectively.

11. Notes payable: housing activities (continued)

Notes payable – Wells Fargo Bank, N.A. (continued)
On January 29, 2018, Casa Rita executed a construction loan with Wells Fargo in the principal amount of $6,849,200 for the renovation and rehabilitation of Casa Rita Apartments. The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate of 2% plus the 1-month LIBO Rate, and was scheduled to mature on August 1, 2019. In May 2019, the construction loan was paid off. Interest expense for the year ended December 31, 2019 was $101,172.

During September 2020, Plaza de Cabrillo entered in a loan agreement with Wells Fargo to receive a loan in the maximum principal amount of $8,100,000 for the renovation and rehabilitation of the project. The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate equal to one month LIBOR and is calculated on a basis of a 360-day year. Interest is payable in arrears on the first business day of each month. The entire principal balance of the loan, together with all accrued and unpaid interest and all other amounts payable are due on March 1, 2022. As of December 31, 2020, the outstanding principal balance was $1,025,276 and accrued interest was $1,854. During 2020, interest expense was $5,547, all of which has been capitalized to fixed assets.

On May 1, 2020, Woodbridge executed a construction loan with Wells Fargo in the principal amount of $13,115,700. The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate equal to one-month LIBOR and is calculated on a basis of a 360-day year. Interest is payable in arrears on the first business day of each month. The entire principal balance of the loan, together with all accrued and unpaid interest and all other amounts payable are due on October 15, 2021. As of December 31, 2020, the outstanding principal balance was $10,690,155 and accrued interest was $15,246. Interest expense for the year ended December 31, 2020 was $78,538, all of which has been capitalized to fixed assets.

California Community Reinvestment Corporation
On February 26, 2016, Wells Fargo sold $2,935,000 of the Cabrillo WFB Loan to CCRC ("Cabrillo CCRC Loan"). The Cabrillo CCRC Loan is secured by a deed of trust, accrues interest at 5.95%, and matures on March 1, 2031. As of December 31, 2020 and 2019, the outstanding principal was $2,269,278 and $2,425,434, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $140,100 and $149,099, respectively.

On June 22, 2018, Anchor Place executed a loan with CCRC in the principal amount of $2,508,000 (the "Anchor CCRC Loan"). The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate of 5.25% per annum. The loan has a term of 15 years with all unpaid principal and accrued interest due on June 1, 2033. As of December 31, 2020 and 2019, the outstanding principal was $2,214,115 and $2,336,306, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $119,744 and $125,980, respectively.

11. Notes payable: housing activities (continued)

California Community Reinvestment Corporation (continued)

On March 20, 2020, Beacon Place executed a loan with CCRC (the "Beacon Place CCRC Loan") in the principal amount of $1,535,300. The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate of 5.34% per annum. The loan has a term of 35 years with all unpaid principal and accrued interest due on April 1, 2055. As of December 31, 2020, the principal balance of the loan was $1,525,123 and accrued interest was $6,787. Interest expense for the year ended December 31, 2020 was $64,247.

On October 28, 2020, Beacon Pointe executed a loan with CCRC (the "Beacon Pointe CCRC Loan") in the principal amount of $10,000,000. The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate of 5.41% per annum. The loan has a term of 16 years with all unpaid principal and accrued interest due on November 1, 2036. As of December 31, 2020, the principal balance of the loan was $9,994,117 and accrued interest was $45,057. Interest expense for the year ended December 31, 2020 was $96,151.

On October 29, 2020, Florence Morehouse executed a loan with CCRC (the "Florence Morehouse CCRC Loan") in the principal amount of $2,167,500. The loan is secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. The loan bears interest at a rate of 5.15% per annum. The loan has a term of 17 years with all unpaid principal and accrued interest due on November 1, 2037. As of December 31, 2020, the principal balance of the loan was $2,165,655 and accrued interest was $9,294. Interest expense for the year ended December 31, 2020 was $19,836.

California Department of Housing and Community Development

On June 20, 2018, Anchor Place entered into a promissory note with the California Department of Housing and Community Development ("HCD") in the principal amount of $2,191,616. The HCD loan is secured by a deed of trust, assignment of rents, and security agreement and fixture filing. The HCD loan bears simple interest at a rate of 3% per annum with annual payments of accrued interest and principal in an amount equal to the Anchor Place's residual receipts, as defined in the promissory note. All unpaid principal and accrued interest are due on maturity, which is in 55 years. As of December 31, 2020 and 2019, the principal balance of the loan was $2,191,616, and accrued interest was $162,909 and $97,161, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $65,748 for each year.

On March 17, 2020, Beacon Place executed a loan with HCD funded from the Veterans Housing and Homelessness Prevention Program ("VHHP Loan") in the principal amount of $5,198,428. The VHHP Loan is secured by a deed of trust, assignment of rents, and security agreement and fixture filing. The VHHP Loan bears simple interest at a rate of 3% per annum with annual payments of accrued interest and principal in an amount equal to the project's residual receipts, as defined in the loan agreement. As of December 31, 2020, the principal balance of the loan was $5,198,428, and accrued interest was $122,626. Interest expense for the year ended December 31, 2020 was $122,626.

11. Notes payable: housing activities (continued)

Note payable - PNC Bank, N.A.
In March 2014, Arrowhead Vista obtained financing for the acquisition and rehabilitation of the project from an FHA-insured mortgage under the U.S Department of Housing and Urban Development 223(f) loan program in the amount of $2,350,000 (the "PNC Loan") funded by PNC Bank N.A. Repayment of the PNC Loan is secured by a first deed of trust on the real property of the project. The PNC Loan bears interest at a rate of 3.94% per annum, together with an annual mortgage insurance premium of 0.45%. The PNC Loan has a term of 35 years and matures in March 2049. As of December 31, 2020 and 2019, the outstanding principal was $2,112,115 and $2,151,893, respectively, and accrued interest was $6,935 and $7,065, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $83,941 and $85,480, respectively.

Note payable - Goodwill Housing of the Inland Counties, Inc.
On April 1, 2014, Arrowhead Vista entered into a promissory note with Goodwill Housing of the Inland Counties, Inc. in the amount of $200,000 (the "GHIC Loan") for the acquisition and rehabilitation of the project. The GHIC Loan is unsecured and bears simple interest at a rate of 4.05% per annum. The GHIC Loan has a term of 35 years and matures on April 1, 2049. Payment of interest is due annually or semi-annually commencing April 1, 2015, only to the extent of available cash flow in accordance with the partnership Agreement. As of December 31, 2020 and 2019, the outstanding principal was $200,000, and accrued interest was $46,575 and $38,475, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $8,100 for each year.

Note payable – Los Angeles Housing and Community Investment Department
On October 2, 2015, Florence Morehouse acquired Florence Avenue Villas by executing a loan agreement with the Los Angeles Housing and Community Investment Department ("HCIDLA") to assume the outstanding principal and interest encumbering Florence Avenue Villas in the amount of $970,796 and $1,221,014, respectively (the "HCIDLA Loan"). The HCIDLA Loan is secured by a deed of trust, and bears simple interest at a rate of 6% per annum with annual payments of accrued interest and principal in an amount equal to Florence Avenue Villas' residual receipts, as defined in the loan agreement. During 2015, Florence Morehouse discounted the outstanding principal and accrued interest assumed at acquisition to its present value as of the acquisition date.

On June 1, 2017, Florence Morehouse executed new loan agreements with HCIDLA in the total amount of $4,046,838. The loans are comprised of the modified and restated HCIDLA Loan (the "Restated HCIDLA Loan") in the amount of $2,287,080 and new funds under HCIDLA's Neighborhood Stabilization Program in the amount of $1,759,758 (the "NSP Loan"). On June 4, 2019, the partnership executed a new loan agreement in the amount of $2,014,663 through the Accessible Housing Program as additional financing for the project (the "AcHP Loan", and together with the Restated HCIDLA Loan and NSP Loan, collectively, the "HCIDLA Loans"). The Restated HCIDLA Loan bears interest at 2.75% per annum, compounding annually. The NSP Loan and AcHP Loan bear a simple interest at the rate of 3% and 4%, respectively. The HCIDLA Loans are secured by a deed of trust, assignment of leases and rents, and security agreement and fixture filing. Annual payments of principal and accrued interest will be in an amount equal to the project's residual receipts, as defined in the loan agreements. All unpaid principal and accrued interest shall be due and payable on the earliest of (i) December 31, 2074, (ii) the date project is sold, assigned, transferred, or refinanced; or (iii) an event of default by Florence Morehouse which has not been cured as provided in the loan agreements.

11. Notes payable: housing activities (continued)

Note payable – Los Angeles Housing and Community Investment Department (continued)
As of December 31, 2020 and 2019, the outstanding principal balance of the HCIDLA Loans was $6,061,501 and $3,946,838, respectively, and accrued interest on the HCIDLA Loans was $402,736 and $263,619, respectively. Interest expense on the HCIDLA Loans for the years ended December 31, 2020 and 2019 was $139,117 and $118,353, of which $0 and $26,424 was capitalized to fixed assets, respectively.

City of Long Beach
On November 9, 2015, Anchor Place obtained financing for the construction of its project from loan proceeds funded by the City of Long Beach in an amount of $4,000,000 ("Anchor City loan"). Repayment of the Anchor City loan is secured by a deed of trust, and matures 55 years after project completion. The Anchor City loan bears simple interest rate at a rate of 1% per annum and requires annual payments of accrued interest and outstanding principal from residual receipts, as defined in the promissory note. As of December 31, 2020 and 2019, the outstanding principal was $4,000,000, and accrued interest was $189,678 and $149,678, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $40,000 for each year.

On September 16, 2016, CADI obtained financing for the acquisition of Beachwood Apartments from loan proceeds funded by the City of Long Beach in an amount of $2,100,000 ("Beachwood City loan"). Repayment of the Beachwood City loan is secured by a deed of trust, and matures on September 16, 2071. The Beachwood City loan bears simple interest rate at a rate of 3% per annum and requires annual payments of accrued interest and outstanding principal from residual receipts, as defined in the promissory note. On July 20, 2017, CADI assigned all of its right, title and interest and its obligations and liabilities under the documents evidencing the Beachwood City loan to Century Beachwood. On December 1, 2017, Century Beachwood assigned all of its right, title and interest and its obligations and liabilities under the documents evidencing the Beachwood City loan to Century Beachwood 2. As of December 31, 2020 and 2019, the outstanding principal was $2,100,000, and accrued interest was $262,011 and $199,011, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $63,000 for each year.

On April 1, 2020, Woodbridge obtained financing for the construction of the project from loan proceeds funded by the City of Long Beach in the amount of $1,100,000 (the "Woodbridge City Loan"). Repayment of the Woodbridge City Loan is secured by a deed of trust and matures 55 years after the recordation of the regulatory agreement. The Woodbridge City Loan accrues interest at 3% per annum, and requires annual principal payments from residual receipts, as defined in the promissory note. As of December 31, 2020, the outstanding principal balance was $1,100,000 and accrued interest was $19,250. Interest expense for the year ended December 31, 2020 was $19,250, all of which has been capitalized to fixed assets.

On April 1, 2020, CADI obtained financing for the acquisition and development of 6801 Atlantic Avenue from the City of Long Beach in the amount of $1,500,000 (the "Atlantic City Loan"). Repayment of the Atlantic City Loan is secured by a deed of trust and matures on April 1, 2085. The Atlantic City Loan accrues interest at 3% per annum, and requires annual principal payments from residual receipts, as defined in the promissory note. As of December 31, 2020, the outstanding principal balance was $1,500,000 and accrued interest was $30,250. Interest expense for the year ended December 31, 2020 was $30,250, all of which has been capitalized to fixed assets.

11. Notes payable: housing activities (continued)

Note payable – MUFG Union Bank, N.A.

On December 1, 2017, Century Beachwood 2 executed a construction and permanent loan agreement with California Municipal Finance Authority ("CMFA") in the principal amount of $13,335,274, funded by MUFG Union Bank, N.A. ("Union Bank"). The Union Bank loan is secured by a deed of trust, and bears interest at a rate equal to 65% of the LIBOR rate plus 1.75% during the construction phase. Any unpaid principal and accrued interest is due in full at maturity on February 1, 2036. As of December 31, 2020 and 2019, the outstanding principal was $7,941,449 and $8,046,863, respectively, and accrued interest was $29,542 and $29,934, respectively.

In December 2017, Century Beachwood 2 entered into an interest rate swap agreement with an effective date of February 1, 2019 (the "Swap") with Union Bank in the notional amount of $8,183,300 to fix the effective interest rate on the Union Bank loan to 4.32% per annum. Swap payments, equal to the excess of fixed rate payments over variable rate payments, are payable monthly with the interest payments on the underlying Union Bank loan. The Swap agreement will expire on February 1, 2036. As of December 31, 2020 and 2019, the fair market value of the interest rate swap obligation was $1,267,938 and $716,464, respectively. For the years ended December 31, 2020 and 2019, the unrealized loss on the interest rate swap was $551,474 and $716,464, respectively.

For the years ended December 31, 2020 and 2019, interest expense for the Union Bank loan and Swap was $350,922 and $364,120, respectively.

Note payable – U.S. Bank, N.A.

On December 26, 2017, Casa Rita obtained financing for the acquisition and rehabilitation of its project from the proceeds of tax-exempt Multifamily Housing Revenue Bonds, Series 2017A issued by CMFA in the amount of $11,900,000, funded by Wells Fargo (the "Casa Rita Bonds"). Concurrent with the issuance of the Casa Rita Bonds, CMFA entered into a Trust Indenture with U.S. Bank N.A (the "US Bank"). Proceeds for the Casa Rita Bonds were loaned by CMFA to Casa Rita under conditions stipulated in the loan agreement and the Trust Indenture. The Casa Rita Bonds bear interest at a rate of 4.19% per annum and any unpaid principal and accrued interest is due in full at maturity on February 1, 2033. As of December 31, 2020 and 2019, the outstanding principal was $10,956,123 and $11,095,206 respectively, and accrued interest was $0 and $40,032, respectively. Interest expense for the years ended December 31, 2020 and 2019 was $429,916 and $473,555, respectively.

12. Notes payable and lines of credit: lending activities – Century Housing Corporation

Line of credit – City National Bank
On December 11, 2006, Century entered into a Credit Agreement with City National Bank under which City National Bank shall provide a line of credit to Century in an amount up to 65% of the market value of the financial assets of Century under the custody of City National Bank, up to a maximum of $20,000,000. Century has granted City National Bank a lien on the assets under its custody. As of December 31, 2020 and 2019, Century has investments under the custody of City National Bank in the amount of $65,444,397 and $59,191,044, respectively. On February 16, 2021, the line of credit was renewed, extending the maturity date to July 31, 2021. The line of credit has two interest rate options: LIBOR plus 1.20% per annum, or the greater of Prime Rate minus 1.05% or 1.50% per annum. There is also a quarterly unused facility fee equal to 0.15% of the average daily difference between the revolving credit commitment and the revolving credit loans, letters of credit, and unpaid drafts under drawn letters of credit outstanding. As of December 31, 2020 and 2019, there was no outstanding principal and accrued interest. Interest incurred during 2020 and 2019 was $0 and $61,396, respectively.

Note payable – Calvert Social Investment Foundation
On March 31, 2010, Century entered into a promissory note with Calvert Social Investment Foundation (“Calvert”) in the amount of $2,000,000 (the “Calvert Loan”). During 2012, an additional $1,000,000 was funded by Calvert. The Calvert Loan is unsecured and bears simple interest at a rate of 4.5% per annum. Interest payments shall be made semi-annually in arrears on each March 31 and September 30. All unpaid principal and interest was due and payable at maturity on September 30, 2014. On December 15, 2014, the Calvert Loan was renewed and the loan amount was increased by an additional $2,000,000. The renewed Calvert Loan is unsecured and bears simple interest at a rate of 4% per annum. Interest payments shall be made quarterly in arrears on each March 30, June 30, September 30, and December 30. All unpaid principal and interest was due and payable at maturity on December 30, 2019. On December 12, 2019, the loan was paid off. Interest incurred during 2019 was $192,778.

Line of credit – JPMorgan Chase Bank, N.A.
On July 21, 2011, Century entered into a Revolving Credit Note with JPMorgan Chase Bank, N.A. (“Chase”) under which Chase shall provide a line of credit to Century in an amount up to a maximum of $20,000,000. Between 2013 and 2018, Charles Schwab Bank (“Charles Schwab”), HSBC Bank USA, N.A. (“HSBC”), Wells Fargo, Compass Bank (“Compass”), and U.S. Bank (“US Bank”) joined the Chase Revolving Credit facility as co-lenders and the maximum commitment amount was increased to $145,000,000. Advances from the line of credit bear interest at a rate equal to 1-month LIBOR plus 2.5% and is calculated on a basis of a 360-day year. The facility had a maturity date of July 31, 2019, and any outstanding balances unpaid as of that date shall be converted to a two year term loan. On July 30, 2019, any outstanding balance was paid off and the line of credit was terminated. Interest incurred during 2019 was $2,449,673.

12. Notes payable and lines of credit: lending activities – Century Housing Corporation (continued)

Line of credit - Federal Home Loan Bank of San Francisco

On May 27, 2011, Century entered into an Advances and Security Agreement with FHLB in the maximum commitment amount of $10,000,000. On October 5, 2012, the maximum commitment amount was increased to $25,000,000. Each advance is subject to the terms and conditions upon which Century and FHLB have agreed upon pursuant to a written confirmation agreement. On May 5, 2015, the maximum commitment amount was increased to $50,000,000. During 2020 and 2019, advances bore interest ranging from 0.20% to 3.81% and had maturity dates ranging from January 10, 2020 to October 10, 2036, respectively. As of December 31, 2020 and 2019, advances secured by U.S. Treasury Inflation-Protected Securities purchased by Century were $29,978,323 and $27,645,925, respectively. As of December 31, 2020 and 2019, there is also a settlement transaction account in the amount of $210,439 and $283,113, respectively, and capital stock in the amount $886,600 and $1,032,800, respectively. As of December 31, 2020 and 2019, the outstanding principal was $28,549,500 and $38,249,500, respectively, and accrued interest was $2,397 and $3,255, respectively. Interest incurred during 2020 and 2019 was $967,416 and $1,202,339, respectively.

Note Payable – Los Angeles County Housing Innovation Fund II

On May 29, 2014, Century entered into a loan agreement with the Community Development Commission of the County of Los Angeles in the amount of $19,563,577 funded by the Los Angeles County Housing Innovation Fund II (the “LACHIF Loan II”). Under the terms of the loan agreement, Century may request advances to fund loans made by Century in accordance with its lending policy. The advances are unsecured and mature on May 29, 2022. On September 9, 2019, the LACHIF Loan II was amended and restated to restructure certain elements of the program and extend the maturity date to September 9, 2027. The LACHIF Loan II bears simple interest at a rate of 2% per annum. As of December 31, 2020 and 2019, the outstanding principal was $6,742,500 and $5,736,733, respectively, and accrued interest was $84,314 and $44,660, respectively. Interest incurred during 2020 and 2019 was $107,687 and $158,100, respectively.

Note payable – Wells Fargo Community Investment Holdings

On June 24, 2014, Century executed a subordinated Equity Equivalent Investments Agreement with Wells Fargo Community Investment Holdings in the amount of $1,000,000 (the “EQ2 Loan”). The EQ2 Loan bears simple interest at a rate equal to 2% per annum and is calculated on a 360-day basis. Interest payments in the amount of $5,000 shall be payable quarterly in arrears on the first day of the month after the end of each quarter. All unpaid principal and interest shall be due and payable at maturity on June 30, 2024. As of December 31, 2020 and 2019, the outstanding principal was $1,000,000, and accrued interest was $5,000. Interest incurred during 2020 and 2019 was $20,000 for each year.

COIN CDFI Tax Credit Loans

During 2015, Century, a qualified Community Development Financial Institution (a “CDFI”), executed a deposit and funding agreement with JPMorgan Chase Bank, N.A., and a COIN investment agreement with Pacific Western Bank in the amount of $5,000,000 and $2,000,000, respectively (the “COIN Loans”), which qualifies each lender for CDFI tax credits administered by the California Organized Investment Network ("COIN"), a division of the California Department of Insurance. The COIN Loans do not bear interest, and were scheduled to mature on September 23, 2020 and September 14, 2020, respectively. As of December 31, 2019, the outstanding principal was $7,000,000. On September 28, 2020, the COIN Loans were paid off.

12. Notes payable and lines of credit: lending activities – Century Housing Corporation (continued)

Line of credit – East West Bank

On August 11, 2015, Century entered into a Revolving Credit Note with East West Bank in the amount of $10,000,000. Century has a 24 month draw down period ending on November 11, 2019, and any outstanding principal as of that date shall be converted to a 24 month fully amortized term loan. On September 27, 2017, the line of credit was increased to $20,000,000, and the maturity date was extended to November 11, 2021. On October 19, 2018, the line of credit was increased to $25,000,000. The advances drawn bear interest at an adjustable rate at 1-month LIBOR plus 2.50%, and is calculated on a 360-day basis. On August 5, 2019, any outstanding balance was paid off and the line of credit was terminated. Interest incurred during 2019 was $225,774.

Line of credit – Manufacturer's Bank

On November 2, 2015, Century entered into a Revolving Credit Note with Manufacturers Bank in the amount of $5,000,000. On October 18, 2017, the line of credit was renewed and extended. Century has a 24 month draw down period ending on August 31, 2019, and any outstanding principal as of that date shall be converted to a 24 month fully amortized term loan. The advances drawn bear interest at an adjustable rate at 1-month LIBOR plus 2.50%, and is calculated on a 360-day basis. All unpaid principal and interest shall be due and payable at maturity on July 31, 2021. On February 7, 2019, any outstanding balance was paid off and the line of credit was terminated. Interest incurred during 2019 was $27,939.

Note payable – U.S. Bank N.A.

On September 20, 2018, Century entered into a promissory note with U.S. Bank N.A. ("US Bank") in the amount of $4,500,000 (the "US Bank Loan"). The US Bank Loan bears simple interest at a rate equal to 4.48% per annum and is calculated on a 360-day basis. Accrued interest only shall be payable in arrears monthly, and all unpaid principal and interest was due and payable at maturity on September 20, 2020. As of December 31, 2019, the outstanding principal was $4,500,000. On August 12, 2020, any outstanding balance was paid off. Interest incurred during 2020 and 2019 was $125,440 and $204,400, respectively.

Line of credit – U.S. Bank N.A.

On July 30, 2019, Century entered into a Revolving Credit Note of $125,000,000 with various financial institutions, with US Bank as the Administrative Agent. US Bank, Chase, Wells Fargo, Compass, Charles Schwab, HSBC and City National Bank agreed to provide a line of credit to Century in an amount up to a maximum of $30,000,000, $25,000,000, $17,000,000, $17,000,000, $17,000,000, $11,500,000, and $7,500,000, respectively. Advances from the line of credit bear interest per annum at a rate equal to the highest of (i) the Prime Rate, (ii) Federal Funds Effective Rate plus 0.50%, or (iii) 1-month LIBOR plus 1.8%, and is calculated on a basis of a 360-day year. On May 29, 2020, the maximum commitment amount was increased to $150,000,000. The commitment of US Bank, Chase, Wells Fargo, Compass Bank, Charles Schwab, HSBC and City National Bank was amended to $36,000,000, $30,000,000, $20,400,000, $20,400,000, $20,400,000, $13,800,000,and $9,000,000, respectively. The line of credit expires on July 31, 2021 and any outstanding principal as of that date shall be converted to a 2 year term loan. As of December 31, 2020 and 2019, the outstanding principal was $120,243,442 and $91,243,442, respectively, and accrued interest was $201,477 and $309,500, respectively. Interest incurred during 2020 and 2019 was $2,224,482 and $1,596,613, respectively.

12. Notes payable and lines of credit: lending activities – Century Housing Corporation (continued)

Line of credit – Woodforest National Bank
On October 1, 2018, Century entered into a Revolving Credit Note with Woodforest National Bank in the amount of $10,000,000. The line of credit has two interest rate options: LIBOR plus 2.5% per annum, or Base Rate plus 0.25% per annum, as defined in the note agreement. There is also a quarterly unused facility fee equal to 0.25% of the difference between the credit limit and the average daily aggregate credit outstanding. The line of credit expires on October 1, 2020, and any outstanding principal as of that date shall be converted to a 24 month fully amortized term loan. All unpaid principal and interest shall be due and payable at maturity on October 1, 2022. This line was paid in full and terminated at the borrower's option in March 2019. No interest was incurred during 2019.

Note payable – Cedars-Sinai Medical Center
On December 4, 2020, Century executed a loan agreement with Cedars-Sinai Medical Center in the amount of $5,000,000. The loan bears simple interest at a rate equal to 1.15% per annum. Accrued interest only shall be payable in arrears monthly, and all unpaid principal and interest shall be due and payable at maturity on December 4, 2022. As of December 31, 2020, the outstanding principal was $5,000,000 and accrued interest was $4,173. Interest incurred during 2020 was $4,173.

Notes payable and lines of credit for housing and lending consists of the following as of December 31,

	2020	2019
Principal balance	$ 271,701,947	$ 280,986,698
Less: unamortized debt issuance costs	(1,809,820)	(1,654,686)
Notes payable and lines of credit, net of unamortized debt issuance costs	$ 269,892,127	$ 279,332,012

Debt issuance costs are being amortized to interest expense over the term of the loan. For 2020 and 2019, the effective interest rate for the Tax-Exempt Bonds was 6.34% and 6.48%, respectively. For 2020 and 2019, the effective interest rate for MHSA Loans was 3.05%. For 2020 and 2019, the effective interest rate for Cabrillo CCRC Loan was 6.20% and 6.19%, respectively. For 2020 and 2019, the effective interest rate for Anchor CCRC Loan was 5.40%. For 2020 and 2019, the effective interest rate for Anchor City Loan was 1.01%. For 2020 and 2019, the effective interest rate for PNC Loan was 4.18%. For 2020 and 2019, the effective interest rate for HCIDLA Loans was 3.04% and 2.61%, respectively. For 2020, the effective interest rate for Beacon Place CCRC Loan, Beacon Pointe CCRC Loan, and Florence Morehouse CCRC Loan was 5.48%, 5.86%, and 6.19%, respectively. During 2020 and 2019, amortization expense for debt issuance costs was $121,785 and $76,647, respectively.

Expected future annual principal payments on the outstanding debts are as follows:

Year ending December 31:	
2021	$ 14,993,417
2022	6,820,056
2023	122,053,121
2024	1,881,302
2025	924,474
Thereafter	125,029,577
Total	$ 271,701,947

13. Bonds payable: lending activities – Century Housing Corporation

During 2019, the Corporation issued Century Housing Impact Investment Bonds, Taxable Series 2019 (the "Impact Bonds") in the principal amount of $100,000,000 pursuant to the terms of an Indenture of Trust, dated as of January 1, 2019, with The Bank of New York Mellon Trust Company, N.A. as trustee. The Impact Bonds are a general obligation of Century payable from all legally available revenues and assets of Century. The Impact Bonds are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other revenues or assets of Century. The proceeds of the bonds were used to refinance existing obligations and finance loans related to the development of multi-family affordable housing. The Impact Bonds were issued in tranches, wherein $50,000,000, $40,000,000, and $10,000,000, bear interest rates of 3.824%, 3.995% and 4.148%, respectively, and have a maturity date of November 1, 2020, November 1, 2021, and November 1, 2023, respectively. As of December 31, 2020 and 2019, the outstanding Impact Bonds payable was $50,000,000 and $100,000,000, respectively, and accrued interest was $335,467 and $654,133, respectively. Interest incurred during 2020 and 2019 was $3,606,133 and $3,532,320, respectively.

During 2020, the Corporation issued California Municipal Finance Authority Taxable Bonds, Series 2020 (Century Housing Corporation) (Sustainability Bonds) (the "CMFA Bonds") in the principal amount of $85,000,000 pursuant to the terms of an Indenture of Trust, dated as of June 1, 2020, with US Bank, N.A. as trustee. The CMFA Bonds are a general obligation of Century payable from all legally available revenues and assets of Century. The CMFA Bonds are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other revenues or assets of Century. The proceeds of the bonds were used to refinance existing obligations and finance loans related to the development of multi-family affordable housing. The CMFA Bonds were issued in tranches, wherein $30,000,000, $35,000,000, and $20,000,000, bear interest rates of 1.486%, 1.605%, and 2.877%, respectively, and have a maturity date of November 1, 2022, November 1, 2023, and November 1, 2035, respectively. As of December 31, 2020, the outstanding CMFA Bonds payable was $85,000,000 and accrued interest was $263,825. Interest incurred during 2020 was $795,872.

Bonds payable consist of the following as of December 31,

	2020	2019
Principal balance	$ 135,000,000	$ 100,000,000
Less: unamortized debt issuance costs	(1,461,708)	(599,965)
Bonds payable, net of unamortized debt issuance costs	$ 133,538,292	$ 99,400,035

Debt issuance costs are being amortized to interest expense over the term of the bonds. For 2020 and 2019, the effective interest rate for the Impact Bonds was 4% and 4.21%, respectively. For 2020, the effective interest rate for the CMFA Bonds was 1.79%. During 2020 and 2019, amortization expense for debt issuance costs was $483,438 and $358,675, respectively.

14. Forgivable loans: housing activities

Department of Housing and Community Development
On November 30, 2010, CVC entered into a promissory note with the Department of Housing and Community Development ("DHCD") in the total maximum amount of $1,000,000. On December 14, 2010, Catholic Charities of Los Angeles ("CCLA") entered into a promissory note with DHCD in the maximum amount of $1,000,000. CVC has agreed to assume the liability of CCLA's promissory note. Proceeds from these notes were used for the construction of the Family Shelter I and II projects. The initial proceeds were funded in March 2011. The notes bear simple interest at a rate of 3% per annum and mature ten years after the promissory note dates. All principal and interest shall remain deferred for the entire loan terms and will be forgiven at the end of the loan terms as long as the Family Shelter I and II projects are in compliance with the terms of the Regulatory Agreement. In the event of default, total accrued interest at 10% per annum and principal are due. The loans are secured by a deed of trust and assignment of rents on the Family Shelter I and II projects. The loan balance has been amortized on a straight-line basis over the term of the loan as debt forgiveness income on the accompanying consolidated statements of activities. As of December 31, 2020 and 2019, the total principal balance of the loans was $233,334 and $433,334, respectively, net of accumulated amortization of $1,766,666 and $1,566,666, respectively. No interest has been accrued on these loans. During 2020 and 2019, CVC recognized debt forgiveness income of $200,000 for each year.

Community Development Commission of the County of Los Angeles
On December 8, 2010, CVC entered into a promissory note with the Community Development Commission of the County of Los Angeles ("CDC") in the total maximum amount of $883,830 for the construction of the Family Shelter I and II projects. Concurrently, CCLA entered into a promissory note with CDC in the total maximum amount of $1,016,170. CVC has agreed to assume the liability of CCLA's promissory note. The initial proceeds were funded in May 2011. The loans shall bear interest at a rate of 3% per annum and are secured by a deed of trust on the Family Shelter I and II projects. The loan balance has been amortized on a straight-line basis over the term of the loan as debt forgiveness income. All outstanding principal and accrued interest shall be forgiven on a straight-line basis over a period of seven years after initial occupancy of the Family Shelter I and II projects. No interest has been accrued on these loans. During 2019, the loan was fully amortized and all outstanding principal and interest was forgiven, and CVC recognized debt forgiveness income of $127,237.

CARES Act Paycheck Protection Program Loan
During May 2020, CVC was a successful loan applicant to the CARES Act's Paycheck Protection Program ("PPP") in the amount of $1,138,500. The purpose of the program is to provide resources to maintain payroll to offset the economic effects of the COVID-19 pandemic. The interest rate of the PPP loan is 1% and the first payment is deferred until December 2020. Upon substantiation of utilizing loan funds toward eligible expenses, the outstanding principal and interest in the amount of $1,138,500 and $6,452, respectively, was forgiven. During 2020, CVC recognized grant income of $1,144,952.

15. Century Villages at Cabrillo, Inc.

CVC is a place-based supportive housing affiliate of Century Housing Corporation, and presently represents the centerpiece of CHC's housing development division. As a nonprofit community development organization that serves as the steward of the Villages at Cabrillo, CVC delivers property management, real estate development, and supportive services which aim to empower residents, restore health and inspire hope. CVC was formed on July 31, 1996 for the purpose of rehabilitating and developing a master planned, residential community that provides affordable housing and a comprehensive array of supportive services for homeless individuals, families, and veterans at the former Cabrillo Housing of the U.S. Naval Station, located in the City of Long Beach, California. The 27 acre property was ultimately conveyed to CVC in 1997 under the McKinney Act for the purpose of benefiting the homeless.

CVC is a vibrant supportive housing community offering emergency, transitional, and permanent housing and is supported by the Villages at Cabrillo Collaborative ("VACC"), a partnership comprising more than a dozen on-site nonprofit and government agencies that collectively provide residents with access to the skills, tools, and services needed for self-sufficiency. CVC is also a direct service provider, one of many within The Villages that offer a multitude of wraparound services to more than 1,500 residents on any given day. These residents include formerly homeless veterans, families and children, as well as individuals in vulnerable populations, such as those experiencing drug and/or alcohol use disorders, domestic or family violence, mental illness, and/or physical disabilities. To this end, CVC has partnered with established service providers, educational institutions and government agencies to provide much needed supportive services which include: case management, life skills training, substance abuse treatment, affordable child care, a homeless education program, an employment center, a career center, a food service program, a VA medical clinic, and a federally qualified health center ("FQHC") run by The Children's Clinic among others. This collaboration of organizations combines to serve over 2,000 unique individuals at CVC each year. CVC's mission is parallel and works in unification with CHC to finance, build, and operate exceptional affordable housing so that the people we serve may have a dignified home, a healthy and hopeful future, and attain economic independence.

CVC employs a continuum of care and housing model whereby each resident is connected to a service provider and enveloped by an array of empowering resources. The housing continuum on the campus ranges from emergency shelter/treatment programs, to transitional housing programs, to permanent housing programs. This continuum is replicated for both veterans and non-veteran families and individuals. In support of this continuum, CVC maintains over 460,000 square feet of housing and supportive service space on its campus. With remaining development and redevelopment opportunities, CVC is actively planning for the continued build out of its campus in the years to come in support of its overall mission.

15. Century Villages at Cabrillo, Inc. (continued)

CVC began as a steward of the property allowing service partners to focus on their delivery of programs in a safe and secure environment. As CVC grew, it became apparent that for the collective impact model to be successful, CVC needed to take a more direct role serving as a backbone to its partners. In 2009, Century Villages Property Management, LLC (“CVPM”), wherein CVC is the sole member, was formed for the purpose of providing property management services for low income, affordable housing at CVC and eventually beyond. In 2011, CVC assumed ownership of the Oasis Community Center (“Center”), which is now operated as a separate business unit of CVC. This community resource facility had been initially funded for 3+ years by a U.S. Department of Housing and Urban Development’s Hispanic-Serving Institutions Assisting Communities (“HUD HSIAC”) grant to the California State University, Long Beach (“CSULB”). During the grant period, CSULB operated the center in collaboration with Catholic Charities of Los Angeles. The Center provided an after school program, life skills classes, employment services, a computer center, and a host of other resources. With the original grant funding expiring in late 2011 and the Center facing imminent closure, CVC adopted the Center and secured the necessary funding through year end. This funding was comprised of a Community Services Block Grant (“CSBG”) which was awarded to CVC as a subgrantee from Long Beach Community Action Partnership. During 2012, CVC secured a grant from the Ahmanson Foundation and an additional CSBG grant to sustain operations. Since then, CVC is actively fundraising to sustain the critical services provided by the Center.

In 2012, an agreement to convene the VACC was formalized among the dozen on site nonprofit partners. Also in 2012, CVC completed construction on the Family Shelter I and II projects. This $5 million, 8,500 square-foot complex has provided for the replacement and expansion of Catholic Charities emergency shelter facility which has operated at CVC since 1998. Also, CVC ground leased an acre of land from the City of Long Beach and installed a 200 tree landscape barrier (“Urban Forest”) with funding from the Port of Long Beach (“POLB”) and private donors. This Urban Forest was supplemented in 2014 with additional trees, a walking path and fitness equipment thanks to funding from the POLB and Neighborhood Works Urban Lift program in partnership with Wells Fargo. The Urban Forest creates new amenity space for the Villages at Cabrillo while improving ambient air quality and reducing greenhouse gas emissions. In late 2014, CVC completed construction of its new $1 million maintenance headquarters, home to the approximately 31 professionals that maintain the community. The maintenance facility also houses a satellite office for PADNET TV in conjunction with Long Beach Community Action Partnership. This allows those in the community with access to state of the art digital video equipment and an editing bay to create visual media for use on public access television.

In 2015, the Century Oasis Residential Services (CORS) footprint and headcount grew as the Oasis Community Center began operating as the service provider of record for residents of the 80 apartment Cabrillo Gateway LEED Platinum development. In 2017, the CORS footprint expanded again with the expansion of residential services for the 120 apartment Anchor Place LEED Platinum development. In addition, during 2017, CVC also launched its Pathways to Health program which aspires to increase the health and wellness of residents through a variety of programs and activities. CVC became an authorized contract service provider with the County of Los Angeles’ Housing for Health program which will now fund intensive case management services at both Cabrillo Gateway and Anchor Place. CVC's Oasis Residential Services (CORS) is now providing services at developments outside the Villages at Cabrillo community. With the completion of Anchor Place in 2017 CVC embarked on a planning process to chart the future of the community. This began with the development of a new master plan which was codified in 2019. The Specific Plan will pave the way for the subsequent build out and redevelopment of the community.

15. Century Villages at Cabrillo, Inc. (continued)

During 2020, CVC has implemented diversity, equity and inclusion initiatives in response to rising social tension and injustice taking place across the nation and around the world. CVC is committed to provide an environment for workers, residents and collaborative partners that acknowledges the centrality of diversity, equity and inclusion and works actively to dismantle systems of structural racism in all aspects of its business including: affordable housing development, property management, resident services and finance. This goal will be accomplished by exploring and implementing the recommendations of the CVC Workgroup on Diversity and Inclusion including but not limited to: trainings/dialogues with senior staff on anti-racism and power and privilege; and promoting a culture that celebrates differences among our collaborative partners and residents in all convenings, trainings and events.

To effectuate the development of housing on its campus, CVC has entered into long-term ground leases with five limited partnerships of which CVC is the general partner. The limited partnerships, Savannah, Casa, Family Commons, Cabrillo Gateway, Anchor Place, and Plaza de Cabrillo, were formed to develop, own and operate a low-income housing tax credit project on the land that they have leased from CVC. CVC owns 0.10% of Savannah, 0.01% of Casa, 0.01% of Family Commons, 0.01% of Cabrillo Gateway, 0.01% of Anchor Place, and 0.01% of Plaza de Cabrillo. The partnerships have been allocated low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code ("Section 42"). These low-income housing tax credits have been utilized to help finance affordable housing projects. Affiliates of John Hancock Realty Advisors, Inc. have invested $7,136,000 of equity into Savannah, $11,900,000 of equity into Casa, and $19,554,459 of equity into Family Commons, as investor limited partners in exchange for the benefits of the low-income housing tax credits that have been allocated to the projects. Effective April 1, 2015 and June 30, 2016, affiliates of John Hancock Realty Advisors, Inc. sold all of their partnership interests on Savannah and Casa, respectively, to CADI, an affiliate of CVC. During 2020, the Casa project was acquired and resyndicated by Plaza de Cabrillo.

Wells Fargo Affordable Housing Community Development Corporation ("WFAHCDC") has committed to contribute an aggregate sum of approximately $25,975,153, $34,410,134, and $10,873,833 to Cabrillo Gateway, Anchor Place, and Plaza de Cabrillo, respectively, as an investor limited partner in exchange for the benefits of future low-income housing tax credits, upon satisfaction of certain conditions set forth in the partnership agreements. As of December 31, 2020 and 2019, WFAHCDC has invested $26,003,510 of equity into the Cabrillo Gateway project. As of December 31, 2020 and 2019, WFAHCDC has invested $34,905,187 and $33,910,134, respectively, of equity into the Anchor Place project. As of December 31, 2020, WFAHCDC has invested $543,692 of equity into the Plaza de Cabrillo project.

Section 42 regulates the use of the projects as to occupant eligibility and unit gross rent, among other requirements. Each of the projects must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits. The Savannah project was completed as of June 30, 2001, the Casa project was certified for occupancy on June 23, 2004, Family Commons was certified for occupancy on November 26, 2008, Cabrillo Gateway was certified for occupancy on July 6, 2015, and Anchor Place was certified for occupancy on September 28, 2017.

16. Master Planned Communities

During 2018, CADI partnered with Thomas Safran & Associates Development, Inc. ("TSA") and United States Veterans Initiative ("US VETS") and formed West LA Veterans Collective LLC ("West LA"). West LA was selected as the principal developer of the approximately 200-acre campus in West Los Angeles, to develop the campus into a master planned community and create and rehabilitate around 1,200 units to provide supportive housing for veterans, homeless and special needs populations. The predevelopment costs are initially borne by CADI, and reimbursements are made on a quarterly basis by TSA and US VETS. As of December 31, 2020, TSA's and US VETS's share of predevelopment expenses relating to the West LA development was $1,045,571.

Also, during 2018, CADI partnered with National Community Renaissance of California ("CORE") and Richman Group Affordable Housing Corporation ("Richman") and formed One San Pedro Collaborative, LLC ("OSP"). OSP was selected as the principal developer of the 21-acre campus in San Pedro, CA, to develop the campus into a master planned community and create and rehabilitate around 1,400 units to provide affordable housing solutions for low-income, seniors and special needs residents. As of December 31, 2020, CADI incurred $347,026 of predevelopment costs on the OSP project, which is included in real estate held for investment, net in the accompanying Consolidated Statements of Financial Position.

17. Commitments and contingencies

Guaranty of tax credits
In connection with the following partnerships, Century has provided certain guarantees to the tax credit investors guarantying the completion and construction of the apartment complexes, operating deficits of the partnerships, and the annual allocation of tax credits to the investor.

Partnership	Investor Limited Partner	Guaranty Balance	Affordable Housing Location
Cabrillo Gateway, L.P.	WFAHCD	10,401,404	Long Beach, CA
Anchor Place, L.P.	WFAHCD	23,590,454	Long Beach, CA
Plaza de Cabrillo, L.P.	WFAHCD	543,692	Long Beach, CA
Century Arrowhead Vista, L.P.	WFAHCD	1,029,260	San Bernardino, CA
Beacon Place, L.P.	WFAHCD	10,079,287	Long Beach, CA
Beacon Pointe, L.P.	Wells Fargo Community Investment Holdings, LLC	31,405,260	Long Beach, CA
Century Beachwood Apartments 2, L.P.	WFAHCD	4,279,279	Long Beach, CA
Florence Morehouse, L.P.	WFAHCD	7,348,317	Los Angeles, CA
Casa Rita, L.P.	WFAHCD	6,523,680	Huntington Park, CA
Woodbridge Apartments, L.P.	WFAHCD	500,000	Long Beach, CA

Century has entered into a guaranty with Wells Fargo to guarantee the debt of principal and interest on the bonds of a third party limited partnership. The assets owned by the limited partnership are the collateral for the underlying loan being guaranteed. If at any time the limited partnerships or their partners are unable to fund their agreed upon principal and interest payments, Century is obligated to make funds available to the respective trustee immediately. Century's maximum exposure under the guarantee would be equal to the difference between the fair market value of collateral held and the outstanding loan amount. The loan guaranteed by Century has a maturity date of February 20, 2036. While it is reasonably possible that a loss could occur, such losses are not anticipated.

17. Commitments and contingencies (continued)

Guaranty of tax credits (continued)
The following is a summary of outstanding guarantees that Century has entered into as of December 31, 2020:

Description	Amount	Borrower
California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (River Run Senior Apartment Project) Series 2003	$ 1,000,000	Steadfast River Run, L.P.

Legal proceedings
The Corporation is involved in various legal proceedings associated with its normal operations. While the ultimate disposition of each proceeding is not determinable, management believes that such proceedings will not have a materially adverse effect on its financial condition or results of operations.

Impact of COVID-19
The spread of the novel strain of the coronavirus (COVID-19) in 2020 has caused significant volatility in the U.S. markets. There is a significant uncertainty around the breadth and duration of business disruptions related to the COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Corporation's operational and financial performance will depend on certain developments, and the impact on tenants, employees, vendors, all of which are uncertain and cannot be determined at this time.

18. Deferred income

Community Development Commission of the County of Los Angeles
During 2011, CVC received a $500,000 grant from CDC for the construction of the Family Shelter I and II projects. According to the terms of the grant agreement, CVC must remain in compliance with the terms of the grant agreement for a period of seven years after initial occupancy of the Family Shelter I and II projects. In the event of default, CDC may request repayment of the grant in an amount that is reduced ratably on a straight-line basis over the grant term. During 2020 and 2019, $0 and $11,904, respectively, has been recognized as grant income.

Deferred development fee ("DDF") income
Deferred development fee income was $1,747,297 and $1,426,742, net of accumulated amortization of $69,392 and $32,542, respectively, related to the 10% profit portion of development fees as of December 31, 2020 and 2019, respectively. During the years ended December 31, 2020 and 2019, amortization of development fees capitalized as real property totaled $36,850 and $21,917, respectively. The deferred income is amortized using the straight-line method over the estimated useful life of the underlying asset.

18. Deferred income (continued)

Deferred development fee ("DDF") income (continued)

	DDF Income 12/31/19	Developer fee income	Eliminated against salaries expense	Amortization of DDF income	DDF Income 12/31/20
Cabrillo Gateway	$ 44,375	$ -	$ -	$ (1,250)	$ 43,125
Anchor Place	188,750	-	-	(5,000)	183,750
Century Beachwood 2	208,013	-	-	(5,334)	202,679
Florence Morehouse	311,467	(107,128)	96,415	(7,519)	293,235
Beacon Pointe	171,134	254,381	(228,943)	(4,914)	191,658
Beacon Place	197,500	-	-	(5,000)	192,500
Casa Rita	305,503	-	-	(7,833)	297,670
Woodbridge	-	1,795,000	(1,615,500)	-	179,500
Plaza de Cabrillo	-	1,631,800	(1,468,620)	-	163,180
Total	$ 1,426,742	$ 3,574,053	$ (3,216,648)	$ (36,850)	$ 1,747,297

	DDF Income 12/31/18	Developer fee income	Eliminated against salaries expense	Amortization of DDF income	DDF Income 12/31/19
Cabrillo Gateway	$ 45,625	$ -	$ -	$ (1,250)	$ 44,375
Anchor Place	193,750	-	-	(5,000)	188,750
Century Beachwood 2	213,347	-	-	(5,334)	208,013
Florence Morehouse	115,296	1,961,713	(1,765,542)	-	311,467
Beacon Pointe	118,334	528,000	(475,200)	-	171,134
Beacon Place	140,000	600,000	(540,000)	(2,500)	197,500
Casa Rita	313,336	-	-	(7,833)	305,503
Total	$ 1,139,688	$ 3,089,713	$ (2,780,742)	$ (21,917)	$ 1,426,742

19. Net assets with donor restriction – Century Housing Corporation

Net assets with donor restriction at December 31, 2020 and 2019 consisted of the following:

	2020	2019
CDFI Funds	$ 1,386,500	$ 1,386,500
Capital Magnet Funds	18,790,122	14,000,000
Specific program restriction for resident services	100,000	-
Total	$ 20,276,622	$ 15,386,500

During 2019, the Corporation was awarded $700,000 of CDFI Funds that must be committed for use by December 2021 in a manner prescribed in the grant agreement. The CDFI Funds must be used to finance loans, equity investments, and similar financing activities, including the purchase of loans and the provision of loan guarantees, which service low-income families. The Corporation loans these funds on a short term basis generally for periods not to exceed 12 months. During 2020 and 2019, the Corporation disbursed $1,386,500 and $936,500, respectively, of the CDFI Funds to eligible recipients.

19. Net assets with donor restriction – Century Housing Corporation (continued)

During 2020 and 2019, the Corporation was awarded $4,790,122 and $7,500,000, respectively, of Capital Magnet Funds from the U.S. Treasury Community Development Financial Institutions Fund. Capital Magnet Funds must be used to finance affordable housing projects for low-income, very-low income, and extremely-low income families, or located in High Housing Need areas. The funds must be committed for use by 2 years after Effective Date, as defined in the grant agreements, and the projects receiving the funds must be placed in service by the Completion Date, as defined in the grant agreements. The Corporation loans these funds on a short term basis generally for periods not to exceed 12 months. As of December 31, 2020 and 2019, the Corporation disbursed Capital Magnet funds of $16,989,000 and $8,000,000, respectively, to eligible recipients. The entire award will remain as net assets with donor restriction until after the Completion Date, after which the funds will become net assets without donor restriction to the Corporation. If the Corporation meets certain benchmarks as described in the agreement prior to the Completion Date, the funds will become net assets without donor restriction to the Corporation.

20. Reconciliation of net assets without donor restriction

Following is a reconciliation of the beginning and ending balances of net assets without donor restriction attributable to the Corporation and to the non-controlling interest:

	Total	Controlling Interest	Non-controlling Interest
Net assets without donor restriction, January 1, 2019	$ 271,674,166	$ 204,187,660	$ 67,486,506
Contributions	17,122,573	-	17,122,573
Distributions	(12,423)	-	(12,423)
Syndication costs	(65,074)	-	(65,074)
Change in net assets from continuing operations	11,849,926	19,823,493	(7,973,567)
Net assets without donor restriction, December 31, 2019	300,569,168	224,011,153	76,558,015
Contributions	45,271,977	-	45,271,977
Distributions	(7,131)	-	(7,131)
Syndication costs	(57,500)	-	(57,500)
Change in net assets from continuing operations	25,416,984	34,410,387	(8,993,403)
Net assets without donor restriction, December 31, 2020	$ 371,193,498	$ 258,421,540	$ 112,771,958

21. Liquidity and availability of financial assets

As of December 31, 2020 and 2019, the Corporation has $280,445,225 and $210,483,489, respectively, of financial assets available for general expenditure within one year of the statement of financial position date. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. In addition to operating the Corporation in a manner to ensure compliance with the approved budget, the Corporation has various other sources of liquidity.

SUPPLEMENTARY INFORMATION

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020

	Century and lending entities [1]	Century California Fund	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
ASSETS						
Cash and cash equivalents	$ 9,661,678	$ 30,000	$ 4,129,183	$ 1,631,207	$ -	$ 15,452,068
Restricted cash	11,897,293	-	4,029,473	3,968,594	-	19,895,360
Accounts receivable, net	622,487	-	1,520,969	276,010	(1,813,052)	606,414
Investments	117,681,867	5,071,665	-	-	(2,947,074)	119,806,458
Interest receivable	5,521,485	37,617	-	-	(3,518,209)	2,040,893
Notes receivable, net	395,352,467	2,748,624	-	-	(31,508,431)	366,592,660
Deferred charges, net	-	-	346,808	272,240	-	619,048
Prepaid expenses and other assets	140,544	-	421,107	303,565	-	865,216
Real estate held for investment, net	6,446,580	-	169,370,838	111,384,661	(1,177,644)	286,024,435
Furniture, fixtures and equipment, net	289,328	-	2,832,586	1,632,067	(123,093)	4,630,888
Total assets	$ 547,613,729	$ 7,887,906	$ 182,650,964	$ 119,468,344	$ (41,087,503)	$ 816,533,440
LIABILITIES AND NET ASSETS						
Accounts payable and accrued liabilities	$ 1,502,794	$ -	$ 1,745,103	$ 2,131,892	$ (519,052)	$ 4,860,737
Accrued interest	945,432	-	2,983,100	3,419,961	(3,518,209)	3,830,284
Security deposits	9,674	-	564,410	773,455	-	1,347,539
Deferred income	345,923	-	1,541,136	226,875	-	2,113,934
Fair value of interest rate swap liability	3,906,746	-	1,267,938	-	-	5,174,684
Bonds payable, net of unamortized debt issuance costs	133,538,292	-	-	-	-	133,538,292
Notes payable and lines of credit, net of unamortized debt issuance costs	161,535,442	-	90,884,126	48,980,990	(31,508,431)	269,892,127
Other liabilities	2,836,873	-	1,074,637	1,454,879	(1,294,000)	4,072,389
Forgivable loans	-	-	-	233,334	-	233,334
Total liabilities	304,621,176	-	100,060,450	57,221,386	(36,839,692)	425,063,320
Net assets:						
Without donor restriction						
Controlling interest	222,815,931	7,887,906	26,465,714	2,251,175	(999,186)	258,421,540
Non-controlling interest	-	-	56,124,800	59,895,783	(3,248,625)	112,771,958
With donor restriction - controlling interest	20,176,622	-	-	100,000	-	20,276,622
Total net assets	242,992,553	7,887,906	82,590,514	62,246,958	(4,247,811)	391,470,120
Total liabilities and net assets	$ 547,613,729	$ 7,887,906	$ 182,650,964	$ 119,468,344	$ (41,087,503)	$ 816,533,440

[1] Includes Century Housing Corporation, Century Metropolitan Fund, LLC, and Century Long Term Value Fund, LLC

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019

	Century and other entities [1]	Century California Fund	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
ASSETS						
Cash and cash equivalents	$ 14,575,083	$ -	$ 1,694,834	$ 407,440	$ -	$ 16,677,357
Restricted cash	13,053,228	-	6,515,620	4,310,228	-	23,879,076
Accounts receivable, net	468,187	-	140,091	406,975	(505,469)	509,784
Investments	112,775,094	-	-	-	(2,944,724)	109,830,370
Interest receivable	5,077,485	-	-	-	(3,185,400)	1,892,085
Notes receivable, net	322,382,587	-	650,746	-	(38,513,355)	284,519,978
Deferred charges, net	-	-	128,448	302,931	-	431,379
Prepaid expenses and other assets	132,352	-	229,022	185,978	-	547,352
Real estate held for investment, net	6,500,747	-	159,250,217	111,436,094	(696,960)	276,490,098
Furniture, fixtures and equipment, net	224,171	-	2,109,356	1,923,342	(123,093)	4,133,776
Total assets	$ 475,188,934	$ -	$ 170,718,334	$ 118,972,988	$ (45,969,001)	$ 718,911,255
LIABILITIES AND NET ASSETS						
Accounts payable and accrued liabilities	$ 1,515,143	$ -	$ 10,306,513	$ 1,177,088	$ (343,080)	$ 12,655,664
Accrued interest	1,053,420	-	2,178,287	3,124,965	(3,174,616)	3,182,056
Security deposits	9,674	-	376,225	789,805	-	1,175,704
Deferred income	290,384	-	1,218,617	233,125		1,742,126
Fair value of interest rate swap liability	2,561,082	-	716,464	-	-	3,277,546
Bonds payable, net of unamortized debt issuance costs	99,400,035	-	-	-	-	99,400,035
Notes payable and lines of credit, net of unamortized debt issuance costs	147,729,675	-	121,481,709	48,806,250	(38,685,622)	279,332,012
Other liabilities	1,349,441	-	407,669	-	-	1,757,110
Forgivable loans	-	-	-	433,334	-	433,334
Total liabilities	253,908,854	-	136,685,484	54,564,567	(42,203,318)	402,955,587
Net assets:						
Without donor restriction						
Controlling interest	205,893,580	-	16,044,802	2,173,775	(101,004)	224,011,153
Non-controlling interest	-	-	17,988,048	62,234,646	(3,664,679)	76,558,015
With donor restriction - controlling interest	15,386,500	-	-	-	-	15,386,500
Total net assets	221,280,080	-	34,032,850	64,408,421	(3,765,683)	315,955,668
Total liabilities and net assets	$ 475,188,934	$ -	$ 170,718,334	$ 118,972,988	$ (45,969,001)	$ 718,911,255

[1] Includes Century Housing Corporation, Century Metropolitan Fund, LLC, Century Long Term Value Fund, LLC, Century Community Children's Centers, Inc., and Century Pointe, Inc.

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Century and lending entities [1]	Century California Fund	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
LENDING AND CORPORATE REVENUE						
Investment interest and dividends	$ 2,219,489	$ -	$ 16,973	$ 306	$ -	$ 2,236,768
Income from notes receivable	27,009,043	176,801	-	-	(1,423,268)	25,762,576
Residual receipts and contingent asset income	768,149	7,681,715	-	-	-	8,449,864
Other income	215,855	71,500	-	-	-	287,355
Net assets released from restrictions	-	-	-	-	-	-
Total lending and corporate revenue	30,212,536	7,930,016	16,973	306	(1,423,268)	36,736,563
HOUSING REVENUE AND SUPPORT						
CVC, CADI and other real estate operations						
Rental property income	-	-	8,405,757	9,547,940	-	17,953,697
Debt forgiveness income	-	-	-	200,000	-	200,000
Other real estate income	-	-	71,116	-	(28,350)	42,766
Grant income	-	-	-	1,555,952	-	1,555,952
Income from certificated state credits	-	-	8,259,796	-	-	8,259,796
Contributions and fundraising income	-	145,381	229,250	506,113	(145,381)	735,363
Total housing revenue and support	-	145,381	16,965,919	11,810,005	(173,731)	28,747,574
Total revenue	30,212,536	8,075,397	16,982,892	11,810,311	(1,596,999)	65,484,137
LENDING AND CORPORATE EXPENSES						
Allocation for loan losses	903,048	186,691	-	-	-	1,089,739
Borrowing fees	129,499	-	-	-	-	129,499
Interest expense	8,334,641	-	-	-	-	8,334,641
Salaries and employee benefits	6,309,448	-	-	-	(1,198,891)	5,110,557
Professional fees	380,122	-	-	-	-	380,122
Business development expenses	437,368	-	-	-	(145,381)	291,987
General and administrative expenses	913,868	250	-	-	-	914,118
Depreciation and amortization expense	185,756	-	-	-	-	185,756
Total lending and corporate expenses	17,593,750	186,941	-	-	(1,344,272)	16,436,419
HOUSING EXPENSES						
CVC, CADI and other real estate operations						
Rental property expenses	-	-	3,734,988	3,982,122	-	7,717,110
Property depreciation and amortization	-	-	4,808,175	4,820,925	-	9,629,100
Interest expense	-	-	2,914,988	1,378,320	(943,490)	3,349,818
Other real estate expenses	-	-	222,260	191,390	-	413,650
Housing salaries and employee benefits	-	-	(165,424)	5,042,156	1,198,891	6,075,623
Total housing expenses		-	11,514,987	15,414,913	255,401	27,185,301
Total expenses	17,593,750	186,941	11,514,987	15,414,913	(1,088,871)	43,621,720

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

	Century and lending entities[1]	Century California Fund	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
Change in net assets without donor restriction before other income and expenses	12,618,786	7,888,456	5,467,905	(3,604,602)	(508,128)	21,862,417
OTHER INCOME AND (EXPENSES)						
Realized and unrealized gain on financial investments	7,981,299	-	-	-	-	7,981,299
Unrealized loss on interest rate swap	(1,345,664)	-	(551,474)	-	-	(1,897,138)
Loss on interest rate swap termination	(2,332,570)	-	-	-	-	(2,332,570)
Income tax expense	(1,600)	(800)	(8,307)	(10,660)	-	(21,367)
Bad debt expense	-	-	(26,192)	(149,465)	-	(175,657)
Net other income and (expenses)	4,301,465	(800)	(585,973)	(160,125)	-	3,554,567
Change in net assets without donor restriction from operations	16,920,251	7,887,656	4,881,932	(3,764,727)	(508,128)	25,416,984
Contributions from non-controlling interest	-	-	43,733,232	1,538,745	-	45,271,977
Distributions to non-controlling interest	-	-	-	(35,481)	28,350	(7,131)
Syndication costs paid by non-controlling interest	-	-	(57,500)	-	-	(57,500)
Change in net assets without donor restriction	16,920,251	7,887,656	48,557,664	(2,261,463)	(479,778)	70,624,330
Net assets with donor restriction						
Contributions	4,790,122	250	-	100,000	(250)	4,890,122
Change in net assets with donor restriction	4,790,122	250	-	100,000	(250)	4,890,122
Total change in net assets	21,710,373	7,887,906	48,557,664	(2,161,463)	(480,028)	75,514,452
Net assets at beginning of year	221,282,180	-	34,032,850	64,408,421	(3,767,783)	315,955,668
Net assets at end of year	$ 242,992,553	$ 7,887,906	$ 82,590,514	$ 62,246,958	$ (4,247,811)	$ 391,470,120

[1] Includes Century Housing Corporation, Century Metropolitan Fund, LLC, and Century Long Term Value Fund, LLC

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Century and other entities [(1)]	Century California Fund	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
LENDING AND CORPORATE REVENUE						
Investment interest and dividends	$ 2,173,521	$ -	$ 265,985	$ 8,703	$ -	$ 2,448,209
Income from notes receivable	26,578,884	-	-	-	(1,584,368)	24,994,516
Residual receipts and contingent asset income	698,224	-	-	-	-	698,224
Other income	80,987	-	-	-	(8,729)	72,258
Net assets released from restrictions	2,000,000	-	-	-	-	2,000,000
Total lending and corporate revenue	31,531,616	-	265,985	8,703	(1,593,097)	30,213,207
HOUSING REVENUE AND SUPPORT						
CVC, CADI and other real estate operations						
Rental property income	109,500	-	5,140,830	9,203,261	859,065	15,312,656
Debt forgiveness income	-	-	-	327,237	-	327,237
Other real estate income	-	-	46,674	-	(27,524)	19,150
Contributions and fundraising income	274,401	-	915,260	557,483	(1,139,661)	607,483
Total housing revenue and support	383,901	-	6,102,764	10,087,981	(308,120)	16,266,526
Total revenue	31,915,517	-	6,368,749	10,096,684	(1,901,217)	46,479,733
LENDING AND CORPORATE EXPENSES						
Allocation for loan losses	871,858	-	-	-	-	871,858
Borrowing fees	305,252	-	-	-	-	305,252
Interest expense	10,030,007	-	-	-	-	10,030,007
Salaries and employee benefits	5,829,131	-	-	-	(924,040)	4,905,091
Professional fees	323,032	-	-	-	-	323,032
Business development expenses	684,005	58,452	-	-	(343,148)	399,309
General and administrative expenses	936,154	500	-	-	(24,819)	911,835
Depreciation and amortization expense	162,992	-	-	-	(86,956)	76,036
Total lending and corporate expenses	19,142,431	58,952	-	-	(1,378,963)	17,822,420
HOUSING EXPENSES						
CVC, CADI and other real estate operations						
Rental property expenses	-	-	2,857,415	4,331,904	145,836	7,335,155
Property depreciation and amortization	-	-	2,615,764	4,920,513	86,956	7,623,233
Interest expense	-	-	2,337,923	1,585,382	(1,515,257)	2,408,048
Other real estate expenses	-	-	190,961	185,681	(48,465)	328,177
Housing salaries and employee benefits	-	-	(65,849)	4,850,788	924,040	5,708,979
Total housing expenses		-	7,936,214	15,874,268	(406,890)	23,403,592
Total expenses	19,142,431	58,952	7,936,214	15,874,268	(1,785,853)	41,226,012

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

	Century and other entities [1]	Century California Fund	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
Change in net assets without donor restriction before other income and expenses	12,773,086	(58,952)	(1,567,465)	(5,777,584)	(115,364)	5,253,721
OTHER INCOME AND (EXPENSES)						
Realized and unrealized gain on financial investments	9,604,527	-	-	-	-	9,604,527
Unrealized loss on interest rate swap	(2,145,139)	-	(716,464)	-	-	(2,861,603)
Income tax expense	(1,600)	(800)	(4,000)	(8,900)	-	(15,300)
Bad debt expense	-	-	(22,450)	(108,969)	-	(131,419)
Net other income and (expenses)	7,457,788	(800)	(742,914)	(117,869)	-	6,596,205
Change in net assets without donor restriction from operations	20,230,874	(59,752)	(2,310,379)	(5,895,453)	(115,364)	11,849,926
Contributions from non-controlling interest	-	-	17,122,573	-	-	17,122,573
Distributions to non-controlling interest	-	-	(5,500)	(34,447)	27,524	(12,423)
Syndication costs paid by non-controlling interest	-	-	(65,074)	-	-	(65,074)
Change in net assets without donor restriction	20,230,874	(59,752)	14,741,620	(5,929,900)	(87,840)	28,895,002
Net assets with donor restriction						
Contributions	8,200,000	-	-	-	-	8,200,000
Release from net assets with donor restriction	(2,000,000)	-	-	-	-	(2,000,000)
Change in net assets with donor restriction	6,200,000	-	-	-	-	6,200,000
Total change in net assets	26,430,874	(59,752)	14,741,620	(5,929,900)	(87,840)	35,095,002
Net assets at beginning of year	194,849,206	59,752	19,291,230	70,338,321	(3,677,843)	280,860,666
Net assets at end of year	$ 221,280,080	$ -	$ 34,032,850	$ 64,408,421	$ (3,765,683)	$ 315,955,668

[1] Includes Century Housing Corporation, Century Metropolitan Fund, LLC, Century Long Term Value Fund, LLC, Century Community Children's Centers, Inc., and Century Pointe, Inc.

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION - CENTURY HOUSING CORPORATION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 9,604,080	$ 14,575,083
Restricted cash	11,897,293	13,053,228
Accounts receivable, net	680,085	468,187
Investments	119,806,458	109,830,370
Investments in affiliates	-	2,944,724
Interest receivable	2,003,276	1,892,991
Interest receivable from affiliates	3,518,209	3,184,494
Notes receivable, net	363,844,036	284,519,978
Notes receivable from affiliates	31,508,431	37,862,609
Prepaid expenses and other assets	140,544	132,352
Real estate held for investment, net	6,446,580	6,500,747
Furniture, fixtures and equipment, net	289,328	224,171
Total assets	$ 549,738,320	$ 475,188,934
LIABILITIES AND NET ASSETS		
Investments in affiliates	$ 2,124,591	$ -
Accounts payable and accrued liabilities	1,502,794	1,515,143
Accrued interest	945,432	1,053,420
Fair value of interest rate swap liability	3,906,746	2,561,082
Security deposits	9,674	9,674
Deferred income	345,923	290,384
Other liabilities	2,836,873	1,349,441
Bonds payable, net of unamortized debt issuance costs	133,538,292	99,400,035
Notes payable and lines of credit	161,535,442	147,729,675
Total liabilities	306,745,767	253,908,854
Net assets:		
Net assets without donor restriction	222,815,931	205,893,580
Net assets with donor restriction	20,176,622	15,386,500
Total net assets	242,992,553	221,280,080
Total liabilities and net assets	$ 549,738,320	$ 475,188,934

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
STATEMENTS OF ACTIVITIES - CENTURY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
LENDING AND CORPORATE REVENUE		
Investment interest and dividends	$ 2,219,489	$ 2,173,521
Income from notes receivable	27,009,043	26,578,884
Residual receipts and contingent asset income	768,149	698,224
Other income	84,355	80,987
Net assets released from restrictions	-	2,000,000
Total lending and corporate revenue	30,081,036	31,531,616
HOUSING REVENUE AND SUPPORT		
Other real estate operations		
Rental property income	121,500	109,500
Contributions and fundraising income	10,000	274,401
Total housing revenue and support	131,500	383,901
Total revenue	30,212,536	31,915,517
LENDING EXPENSES		
Allocation for loan losses	903,048	871,858
Borrowing fees	129,499	305,252
Interest expense	8,334,641	10,030,007
Total lending expenses	9,367,188	11,207,117
HOUSING EXPENSES		
Other real estate operations		
Rental property expenses	140,529	24,319
Property depreciation and amortization	90,063	86,956
Total housing expenses	230,592	111,275
MANAGEMENT AND GENERAL EXPENSES		
Salaries and employee benefits	6,309,448	5,829,131
Professional fees	380,122	323,032
Business development expenses	437,368	399,309
General and administrative expenses	772,839	908,908
Depreciation and amortization expense	95,693	76,036
Total management and general expenses	7,995,470	7,536,416
Total expenses	17,593,250	18,854,808

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
STATEMENTS OF ACTIVITIES - CENTURY HOUSING CORPORATION - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Change in net assets without donor restriction before other income and expenses	12,619,286	13,060,709
OTHER INCOME AND (EXPENSES)		
Realized and unrealized gains on financial investments	7,981,299	9,604,527
Unrealized loss on interest rate swap	(1,345,664)	(2,145,139)
Loss on interest rate swap termination	(2,332,570)	-
Net other income and (expenses)	4,303,065	7,459,388
Change in net assets from continuing operations	16,922,351	20,520,097
Change in net assets with donor restriction		
Contributions	4,790,122	8,200,000
Release from net assets with donor restriction	-	(2,000,000)
Change in net assets with donor restriction	4,790,122	6,200,000
Change in net assets	21,712,473	26,720,097
Net assets at beginning of year	221,280,080	194,559,983
Net assets at end of year	$ 242,992,553	$ 221,280,080

CENTURY HOUSING CORPORATION AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-through Agent/ Program Title	Catalog of Federal Domestic Assistance Number	Agreement Number	Federal Expenditures
Department of the Treasury:			
Community Development Financial Institutions Program	21.020	181FA022921	$ 450,000
Community Development Financial Institutions Program – Capital Magnet Fund	21.011	171CM022288	2,989,000
Community Development Financial Institutions Program – Capital Magnet Fund	21.011	181CM050468	6,000,000
Total Expenditures of Federal Awards			$ 9,439,000

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the expenditures of Century Housing Corporation (a California non-profit public benefit corporation) and affiliates under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub awards to the organization by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

2. Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed. Catalogue of Federal Domestic Assistance numbers ("CFDA No.") are provided when available.

The organization elected not to use the 10% de minimis indirect cost rate.

3. Prior year's expenditures

The accompanying Schedule of Expenditures of Federal Awards includes $1,500,000 in expenditures from prior year for which continuing compliance is required.

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Century Housing Corporation and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Century Housing Corporation, a California nonprofit public benefit corporation, and Affiliates (the "Corporation"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Novogradac & Company LLP

Walnut Creek, California
April 27, 2021

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

To the Board of Directors of
Century Housing Corporation and Affiliates

Report on Compliance for Each Major Federal Program

We have audited the compliance of Century Housing Corporation, a California nonprofit public benefit corporation, and Affiliates (the "Corporation"), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2020. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Novogradac & Company LLP

Walnut Creek, California
April 27, 2021

CENTURY HOUSING CORPORATION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:		Unqualified		
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified not considered to be material weaknesses?		Yes	x	None reported
Noncompliance material to financial statements noted?		Yes	x	No

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified not considered to be material weaknesses?		Yes	x	None reported
Type of auditor's report issued on compliance for major programs:		Unqualified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?		Yes	x	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.011	Community Development Financial Institutions Program – Capital Magnet Fund

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

Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.