

Century Housing Corporation and Affiliates

**Consolidated Financial Statements with Report of Independent Auditors
December 31, 2021 and 2020**

CENTURY HOUSING CORPORATION AND AFFILIATES

TABLE OF CONTENTS

	PAGE
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	10
Supplementary Information	
Consolidating Statements of Financial Position	45
Consolidating Statements of Activities	47
Statements of Financial Position - Century Housing Corporation	51
Statements of Activities - Century Housing Corporation	52
Schedule of Expenditures of Federal Awards	54
Notes to Schedule of Expenditures of Federal Awards	55
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 <i>Government Auditing Standards</i>	56
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	58
Schedule of Findings and Questioned Costs and Recommendations	60



Report of Independent Auditors

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Century Housing Corporation, a California nonprofit public benefit corporation, and Affiliates (the "Century"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Century and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Report on 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 are 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 28, 2022, on our consideration of the 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 Century's internal control over financial reporting and compliance.



Walnut Creek, California
April 28, 2022

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 7,050,025	\$ 15,452,068
Restricted cash	37,218,529	19,895,360
Accounts receivable, net	928,667	606,414
Investments	127,353,335	119,806,458
Interest receivable	1,918,885	2,040,893
Notes receivable, net	366,708,545	366,592,660
Deferred charges, net	577,832	619,048
Prepaid expenses and other assets	1,653,067	865,216
Real estate held for investment, net	372,771,001	286,024,435
Furniture, fixtures and equipment, net	6,961,245	4,630,888
	<hr/>	<hr/>
Total assets	\$ 923,141,131	\$ 816,533,440
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 6,354,709	\$ 4,860,737
Accrued interest	4,645,862	3,830,284
Security deposits	1,559,260	1,347,539
Deferred income	2,504,877	2,113,934
Fair value of interest rate swap liability	2,013,149	5,174,684
Bonds payable, net of premium and unamortized debt issuance costs	238,979,755	133,538,292
Notes payable and lines of credit, net of unamortized debt issuance costs	222,702,237	269,892,127
Other liabilities	7,329,097	4,072,389
Forgivable loans	-	233,334
	<hr/>	<hr/>
Total liabilities	486,088,946	425,063,320
Net assets:		
Without donor restriction		
Controlling interest	282,200,142	258,421,540
Non-controlling interest	111,178,656	112,771,958
	<hr/>	<hr/>
Total net assets without donor restriction	393,378,798	371,193,498
With donor restriction - controlling interest	43,673,387	20,276,622
	<hr/>	<hr/>
Total net assets	437,052,185	391,470,120
	<hr/>	<hr/>
Total liabilities and net assets	\$ 923,141,131	\$ 816,533,440
	<hr/>	<hr/>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LENDING REVENUE		
Income on notes receivable	\$ 27,835,912	\$ 25,762,576
Residual receipts and contingent asset income	1,041,741	8,449,864
Other income	379,116	287,355
Net assets released from restrictions	686,500	-
Total lending revenue	<u>29,943,269</u>	<u>34,499,795</u>
HOUSING REVENUE AND SUPPORT		
CVC, CADI and other real estate operations		
Rental property income	19,333,965	17,953,697
Debt forgiveness income	233,334	200,000
Other real estate income	822,556	42,766
Grant income	586,000	1,555,952
Income from certificated state credits	68,386	8,259,796
Contributions and fundraising income	405,649	735,363
Net assets released from restrictions	100,000	-
Total housing revenue and support	<u>21,549,890</u>	<u>28,747,574</u>
Total revenue	51,493,159	63,247,369
LENDING EXPENSES		
Allocation for loan losses	(34,387)	1,089,739
Borrowing fees	193,545	129,499
Bond fees	798,559	483,438
Interest expense	6,180,351	7,851,203
Salaries and employee benefits	2,272,132	2,058,306
Direct lending expenses	79,999	89,105
Total lending expenses	<u>9,490,199</u>	<u>11,701,290</u>
HOUSING EXPENSES		
CVC, CADI and other real estate operations		
Rental property expenses	8,954,139	7,717,110
Property depreciation and amortization	9,943,284	9,629,100
Interest expense	3,483,607	3,207,956
Borrowing fees	129,926	141,862
Other real estate expenses	315,799	413,650
Salaries and employee benefits	6,412,009	6,075,623
Total housing expenses	<u>29,238,764</u>	<u>27,185,301</u>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CORPORATE EXPENSES		
Salaries and employee benefits	3,487,253	3,052,251
Professional fees	269,578	345,898
Business development expenses	528,811	265,906
General and administrative expenses	901,322	885,318
Depreciation and amortization expense	187,494	185,756
Total corporate expenses	<u>5,374,458</u>	<u>4,735,129</u>
Total expenses	44,103,421	43,621,720
Change in net assets without donor restriction before other income and expenses	7,389,738	19,625,649
OTHER INCOME AND (EXPENSES)		
Investment interest and dividends	2,236,173	2,236,768
Realized and unrealized gains on financial investments	5,472,963	7,981,299
Unrealized gains (loss) on interest rate swap	3,161,535	(1,897,138)
Loss on interest rate swap termination	(2,834,050)	(2,332,570)
Income tax expense	(34,905)	(21,367)
Bad debt expense	(297,671)	(175,657)
Net other income and (expenses)	<u>7,704,045</u>	<u>5,791,335</u>
Change in net assets without donor restriction from operations	15,093,783	25,416,984
Contributions from non-controlling interest	7,318,629	45,271,977
Distributions to non-controlling interest	(18,345)	(7,131)
Syndication costs paid by non-controlling interest	(208,767)	(57,500)
Change in net assets without donor restriction	<u>22,185,300</u>	<u>70,624,330</u>
Change in net assets with donor restriction		
Contributions	24,183,265	4,890,122
Release from net assets with donor restriction	(786,500)	-
Change in net assets with donor restriction	<u>23,396,765</u>	<u>4,890,122</u>
Change in net assets	45,582,065	75,514,452
Net assets at beginning of year	<u>391,470,120</u>	<u>315,955,668</u>
Net assets at end of year	<u>\$ 437,052,185</u>	<u>\$ 391,470,120</u>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	Administrative	Fundraising	Total
LENDING EXPENSES				
Allocation for loan losses	\$ (34,387)	\$ -	\$ -	\$ (34,387)
Borrowing fees	193,545	-	-	193,545
Bond fees	798,559	-	-	798,559
Interest expense	6,180,351	-	-	6,180,351
Salaries and employee benefits	2,272,132	-	-	2,272,132
Direct lending expenses	79,999	-	-	79,999
Total lending expenses	<u>9,490,199</u>	<u>-</u>	<u>-</u>	<u>9,490,199</u>
HOUSING EXPENSES				
CVC, CADI and other real estate operations				
Rental property expenses	8,866,456	-	87,683	8,954,139
Property depreciation and amortization	9,943,284	-	-	9,943,284
Interest expense	3,483,607	-	-	3,483,607
Borrowing fees	129,926	-	-	129,926
Other real estate expenses	315,799	-	-	315,799
Salaries and employee benefits	4,424,257	1,987,752	-	6,412,009
Total housing expenses	<u>27,163,329</u>	<u>1,987,752</u>	<u>87,683</u>	<u>29,238,764</u>
CORPORATE EXPENSES				
Salaries and employee benefits	-	3,434,707	52,546	3,487,253
Professional fees	269,578	-	-	269,578
Business development expenses	528,811	-	-	528,811
General and administrative expenses	-	901,322	-	901,322
Depreciation and amortization expense	-	187,494	-	187,494
Total corporate expenses	<u>798,389</u>	<u>4,523,523</u>	<u>52,546</u>	<u>5,374,458</u>
TOTAL	37,451,917	6,511,275	140,229	44,103,421
OTHER EXPENSES				
Loss on interest rate swap termination	2,834,050	-	-	2,834,050
Income tax expense	34,905	-	-	34,905
Bad debt expense	297,671	-	-	297,671
Total other expenses	<u>3,166,626</u>	<u>-</u>	<u>-</u>	<u>3,166,626</u>
TOTAL EXPENSES	\$ <u>40,618,543</u>	\$ <u>6,511,275</u>	\$ <u>140,229</u>	\$ <u>47,270,047</u>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program	Administrative	Fundraising	Total
LENDING EXPENSES				
Allocation for loan losses	\$ 1,089,739	\$ -	\$ -	\$ 1,089,739
Borrowing fees	129,499	-	-	129,499
Bond fees	483,438	-	-	483,438
Interest expense	7,851,203	-	-	7,851,203
Salaries and employee benefits	2,058,306	-	-	2,058,306
Direct lending expenses	89,105	-	-	89,105
Total lending expenses	<u>11,701,290</u>	<u>-</u>	<u>-</u>	<u>11,701,290</u>
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	3,207,956	-	-	3,207,956
Borrowing fees	141,862	-	-	141,862
Other real estate expenses	413,650	-	-	413,650
Salaries and employee benefits	4,237,010	1,838,613	-	6,075,623
Total housing expenses	<u>25,269,217</u>	<u>1,838,613</u>	<u>77,471</u>	<u>27,185,301</u>
CORPORATE EXPENSES				
Salaries and employee benefits	-	3,012,768	39,483	3,052,251
Professional fees	345,898	-	-	345,898
Business development expenses	265,906	-	-	265,906
General and administrative expenses	-	885,318	-	885,318
Depreciation and amortization expense	-	185,756	-	185,756
Total corporate expenses	<u>611,804</u>	<u>4,083,842</u>	<u>39,483</u>	<u>4,735,129</u>
TOTAL	37,582,311	5,922,455	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	<u>4,426,732</u>	<u>-</u>	<u>-</u>	<u>4,426,732</u>
TOTAL EXPENSES	\$ <u>42,009,043</u>	\$ <u>5,922,455</u>	\$ <u>116,954</u>	\$ <u>48,048,452</u>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 45,582,065	\$ 75,514,452
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions from non-controlling interest	(7,318,629)	(45,271,977)
Distributions to non-controlling interest	18,345	7,131
Syndication costs paid by non-controlling interest	208,767	57,500
Debt forgiveness income	(233,334)	(200,000)
Grant income	-	(1,138,500)
Interest expense - debt issuance costs	817,942	605,223
Interest expense - bond premium amortization	(70,311)	-
Depreciation and amortization expense	10,130,778	9,814,856
Allocation for loan (gains) losses	(34,387)	1,089,739
Bad debt expense	297,671	175,657
Realized and unrealized gains on financial investments	(5,472,963)	(7,981,299)
Unrealized (gains) loss on interest rate swap	(3,161,535)	1,897,138
(Increase) decrease in assets		
Accounts receivable, net	(619,924)	(272,287)
Interest receivable	122,008	(148,808)
Prepaid expenses and other assets	(787,851)	(317,864)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	624,358	84,754
Accrued interest	815,578	514,643
Security deposits	211,721	171,835
Other liabilities	3,564,522	1,677,377
Deferred income	390,943	371,808
Net cash provided by operating activities	<u>45,085,764</u>	<u>36,651,378</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of accounts payable and accrued expenses - construction	(1,345,766)	(9,225,447)
Purchase of real estate held for investment	(81,330,909)	(16,403,001)
Purchase of furniture, fixtures and equipment	(3,767,620)	(1,661,596)
Increase in deferred charges	(9,706)	(41,226)
Advances in notes receivable	(207,593,128)	(268,878,839)
Receipts from notes receivable	207,511,630	185,716,418
Purchase of investment securities	(2,184,214)	(2,140,989)
Proceeds from sales of investment securities	110,300	146,200
Net cash used in investing activities	<u>(88,609,413)</u>	<u>(112,488,480)</u>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable and lines of credit	\$ 65,029,724	\$ 71,927,089
Payments of notes payable and lines of credit	(123,403,391)	(81,211,840)
Proceeds from PPP loan	-	1,138,500
Proceeds from bonds payable	145,906,135	85,000,000
Payment of bonds payable	(40,000,000)	(50,000,000)
Increase in debt issuance costs	(2,179,210)	(1,432,998)
Contributions from non-controlling interest	7,318,629	45,271,977
Distributions to non-controlling interest	(18,345)	(7,131)
Syndication costs paid by non-controlling interest	(208,767)	(57,500)
Net cash provided by financing activities	<u>52,444,775</u>	<u>70,628,097</u>
Net change in cash, cash equivalents and restricted cash	8,921,126	(5,209,005)
Cash, cash equivalents and restricted cash at beginning of year	<u>35,347,428</u>	<u>40,556,433</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 44,268,554</u>	<u>\$ 35,347,428</u>
Cash and cash equivalents	\$ 7,050,025	\$ 15,452,068
Restricted cash	37,218,529	19,895,360
Total cash, cash equivalents and restricted cash	<u>\$ 44,268,554</u>	<u>\$ 35,347,428</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 9,098,527</u>	<u>\$ 10,564,593</u>
Cash paid for income taxes	<u>\$ 34,905</u>	<u>\$ 21,367</u>
Interest capitalized to fixed assets	<u>\$ 203,903</u>	<u>\$ 133,585</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Increase in grant income from interest forgiven	<u>\$ -</u>	<u>\$ 6,452</u>
Increase in real estate assets held for investment, net, accounts payable and accrued liabilities, accrued interest, and other liabilities	<u>\$ 2,215,380</u>	<u>\$ 2,117,253</u>
Increase in real estate assets held for investment from assumed notes payable	<u>\$ 12,525,000</u>	<u>\$ -</u>
Reclassification of deferred charges from real estate assets held for investment	<u>\$ -</u>	<u>\$ 202,000</u>
Reclassification of debt issuance costs from real estate assets held for investment	<u>\$ 374,316</u>	<u>\$ 189,102</u>

see accompanying notes to consolidated financial statements

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Organization

Century Housing Corporation (“Century Housing”) is a California nonprofit public benefit corporation exempt from state and federal income taxation. Century Housing 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 and a Consent Decree entered in settlement of Keith v. Volpe (U.S. District Court, 72-355 HP). Century Housing and its predecessor have developed and/or financed more than 50,655 affordable housing units throughout the State of California.

Century Housing and its controlled affiliates provide certain business activities and service programs to communities within the State of California. The following are the significant activities:

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

Affordable Housing Development – Century Housing’s affiliates, Century Villages at Cabrillo, Inc. (“CVC”) and Century Affordable Development, Inc. (“CAD”) engage in the development, preservation, and management of affordable housing.

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 Housing and its controlled affiliates (collectively, “Century”):

Century Villages at Cabrillo, Inc. and affiliates
 Century Affordable Development, Inc. and affiliates
 Century California Fund, LLC, and
 Century Metropolitan Fund, LLC
 Century Long Term Value Fund, LLC and affiliates

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

Century Long Term Value Fund, LLC and affiliates

Century Long Term Value Fund, LLC (“CLTVF”) is the sole member of Century Ackerfield, LLC and also owns 60% of Century CityView, L.P.

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:

<u>LLC</u>	<u>Limited Partnership</u>	<u>Ownership</u>
CVC Phase II, LLC	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%
CVC Phase VI, LLC	The Cove, LP (“Cove”)	99.0%

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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:

<u>Limited Partnership</u>	<u>Ownership</u>
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:

<u>LLC</u>	<u>Limited Partnership</u>	<u>Ownership</u>
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	Woodbridge Apartments, L.P. ("Woodbridge")	0.01%
CADI XIII, LLC	The Banning, L.P. ("Banning")	51.0%
CADI XIV, LLC	Century CityView, L.P. ("CityView")	40.0%
Century WLAVA 1, LLC	Century WLAVA 1, L.P. ("B404")	.0099%
Century WLAVA 2, LLC	Century WLAVA 2, L.P. ("B156+157")	.0099%

CADI is the 1% managing member of 12010 South Vermont, LLC ("Vermont") and Century Housing 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 Housing 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.	Beacon Place, L.P.
Casa de Cabrillo, L.P.	Casa Rita, L.P.
The Family Commons at Cabrillo, L.P.	Plaza de Cabrillo, L.P.
Academy Hall, L.P.	Woodbridge Apartments, L.P.
Cabrillo Gateway, L.P.	West LA Veterans Collective, LLC
Anchor Place, L.P.	The Cove, L.P.
Century Arrowhead Vista, L.P.	The Banning, L.P.
Florence Morehouse, L.P.	Century CityView, L.P.
Century Beachwood Apartments 2, L.P.	Century WLAVA 1, L.P.
Beacon Pointe, L.P.	Century WLAVA 2, L.P.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Basis of accounting

Century 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

Century conforms to accounting principles generally accepted for not-for-profit organizations, which require Century 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. Century 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

Century 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, Century has not experienced any losses with respect to bank balances in excess of government provided insurance.

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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Fair value measurements

Century 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 Century'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, 2021 and 2020:

		December 31, 2021			
		Level 1	Level 2	Level 3	Fair Value Measurements
Assets					
Marketable securities	\$	95,679,621	\$ -	\$ -	\$ 95,679,621
U.S. Treasury obligations		31,673,714	-	-	31,673,714
Notes receivable, net		-	-	366,708,545	366,708,545
	\$	<u>127,353,335</u>	\$ -	\$ 366,708,545	\$ 494,061,880
Liabilities					
Interest rate swap	\$	-	\$ 2,013,149	\$ -	\$ 2,013,149
Bonds payable		238,979,755		-	238,979,755
Notes payable and lines of credit		222,702,237	-	-	222,702,237
	\$	<u>461,681,992</u>	\$ 2,013,149	\$ -	\$ 463,695,141

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Fair value measurements (continued)

		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
	<u>\$ 119,806,458</u>	<u>\$ -</u>	<u>\$ 366,643,361</u>	<u>\$ -</u>	<u>\$ 486,449,819</u>
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
	<u>\$ 403,663,753</u>	<u>\$ 5,174,684</u>	<u>\$ 50,701</u>	<u>\$ -</u>	<u>\$ 408,889,138</u>

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 Century can obtain similar loans at the same terms.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 Century has used Level 3 inputs to determine fair value are as follows:

Notes receivable, net:

Balance, January 1, 2020	\$ 284,519,978
Advances	268,878,839
Principal payments received	(185,716,418)
Allocation for loan losses	<u>(1,089,739)</u>
Balance, December 31, 2020	366,592,660
Advances	207,593,128
Principal payments received	(207,511,630)
Allocation for loan losses	<u>34,387</u>
Balance, December 31, 2021	<u>\$ 366,708,545</u>

Derivatives and hedging activities

Century 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. Century 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, 2021 and 2020, none of Century's derivative financial instruments qualify as hedges.

Investment in limited partnerships

Century 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 Century's share of earnings and decreased by Century's share of losses and distributions. Under the equity method, losses from operating partnerships in which Century 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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, management had established an allowance for loan losses in the amount of \$5,291,051 and \$5,325,438, respectively. The allowance for loan losses at December 31, 2021 and 2020 is summarized as follows:

Balance, January 1, 2020	\$ 4,616,120
Charge offs of loan losses	(380,421)
Provision for losses	<u>1,089,739</u>
Balance, December 31, 2020	5,325,438
Provision for losses	<u>(34,387)</u>
Balance, December 31, 2021	<u>\$ 5,291,051</u>

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. Century rents some of these assets to qualifying tenants under operating leases. Rental payments received in advance are deferred until earned. In addition, Century 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 Century'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

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Impairment of long-lived assets

Century 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 2021 or 2020.

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. Century reports contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Grant revenue

Century 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 Century Housing. 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.

Sale of assets

Century 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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 Housing, 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.

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 Century'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

Century Housing 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 Century Housing 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.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires Century to report information regarding its exposure to various tax positions taken by Century. Century has determined whether any tax positions have met the recognition threshold and has measured Century's exposure to those tax positions. Management believes that Century 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 Century are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Subsequent events

Subsequent events have been evaluated through April 28, 2022, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted cash

Century's restricted cash consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Security deposits	\$ 1,563,164	\$ 1,337,754
Replacement reserves	5,116,041	2,137,336
Operating reserves	3,661,002	3,104,837
Transition reserves	793,287	730,311
General Partner reserves	45,021	45,021
Impound deposits	135,159	129,772
CDFI/Capital Magnet Funds	3,269,012	6,966,122
Swap collateral	1,210,167	4,710,000
Debt service reserve fund	860,198	-
Veteran services grant fund	20,000,008	-
Holdback escrow	565,470	734,207
Total restricted cash	<u>\$ 37,218,529</u>	<u>\$ 19,895,360</u>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total Market Equity Fund	\$ 18,028,090	\$ 14,410,484
Loomis Sayles High Yield Fund	7,348,688	6,788,844
Bain Senior Loan Fund	7,331,609	6,842,916
Vanguard Total International Stock Index Fund	11,194,664	10,300,982
Dodge & Cox Fund	22,287,623	22,492,715
JP Morgan Core Bond Fund	21,812,273	22,058,804
U.S. Treasury Inflation-Protected Securities	31,673,714	29,978,323
BlackRock Minimum Volatility Index Fund	6,900,374	6,046,790
Total securities	<u>\$ 126,577,035</u>	<u>\$ 118,919,858</u>

As of December 31, 2021 and 2020, Century Housing held shares of Federal Home Loan Bank of San Francisco ("FHLB") capital stock in the amount of \$776,300 and \$886,600, 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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

4. Investments – Century Housing Corporation (continued)

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest on cash and cash equivalents	\$ 50,564	\$ 95,663
Interest income and dividends	2,185,609	2,141,105
Unrealized/realized gains	<u>5,390,264</u>	<u>4,303,065</u>
Total investment gains	<u>\$ 7,626,437</u>	<u>\$ 6,539,833</u>

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 \$390,570,718 and \$389,540,933 as of December 31, 2021 and 2020, respectively.

On December 14, 2012, Century Housing 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, 2021 and 2020, the portion of the loan funded by GSAF was \$7,853,676 and \$10,370,389, respectively, and is offset against notes receivable on the accompanying consolidated statements of financial position.

Century Housing owes GSAF interest accrued on the portion of loans funded by GSAF. The outstanding balance due to GSAF as of December 31, 2021 and 2020 was \$40,032 and \$48,779, respectively, which is included in accrued interest on the accompanying consolidated statements of financial position.

During 2021 and 2020, Century Housing 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, 2021 and 2020, the portion of the loan funded by FHLB AHP was \$10,717,446 and \$7,252,446, respectively, and is offset against notes receivable on the accompanying consolidated statements of financial position.

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

Year ending December 31:	
2022	\$ 271,381,920
2023	50,290,100
2024	2,036,299
2025	2,919,685
2026	464,039
Thereafter	<u>63,478,675</u>
Total notes receivable	390,570,718
Less allowance for doubtful accounts	(5,291,051)
Less participant purchases	<u>(18,571,122)</u>
Total notes receivable, net	<u>\$ 366,708,545</u>

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

6. Real estate held for investment

Century's real estate held for investment consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 56,280,058	\$ 40,111,058
Buildings and improvements	329,875,832	243,926,757
Leasehold improvements	27,043,896	25,895,704
Construction in progress	<u>7,850,153</u>	<u>15,727,959</u>
Total real estate held for investment	421,049,939	325,661,478
Less accumulated depreciation	<u>(48,278,938)</u>	<u>(39,637,043)</u>
Total real estate held for investment, net	<u>\$ 372,771,001</u>	<u>\$ 286,024,435</u>

Real estate held for investment, net owned by the affiliated entities at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Century Housing Corporation	\$ 22,487,966	\$ 6,446,580
Century Affordable Development, Inc.	8,557,491	6,540,572
Century Villages at Cabrillo, Inc.	12,851,133	13,288,435
CVC affiliated limited partnerships	105,126,327	98,096,226
CADI affiliated limited partnerships	<u>223,748,084</u>	<u>161,652,622</u>
Total real estate held for investment, net	<u>\$ 372,771,001</u>	<u>\$ 286,024,435</u>

Depreciation expense on real estate held for investment during 2021 and 2020 was \$8,642,593 and \$8,594,815, respectively.

7. Furniture, fixtures and equipment, net

Century's furniture, fixtures, and equipment consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 7,892,838	\$ 6,181,417
Equipment	<u>7,464,895</u>	<u>5,408,696</u>
Total furniture, fixtures and equipment	15,357,733	11,590,113
Less accumulated depreciation	<u>(8,396,488)</u>	<u>(6,959,225)</u>
Total furniture, fixtures and equipment, net	<u>\$ 6,961,245</u>	<u>\$ 4,630,888</u>

Depreciation expense on furniture, fixtures and equipment during 2021 and 2020 was \$1,437,263 and \$1,164,484, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. Deferred charges and amortization

Century's deferred charges consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Tax credit fees	\$ 849,034	\$ 839,328
Ground lease fees	<u>22,500</u>	<u>22,500</u>
Total deferred charges	871,534	861,828
Accumulated amortization	<u>(293,702)</u>	<u>(242,780)</u>
Total deferred charges, net	<u>\$ 577,832</u>	<u>\$ 619,048</u>

Amortization expense during 2021 and 2020 was \$50,922 and \$55,557, respectively.

9. Employee benefit plans – Century Housing Corporation

Century 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, Century 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, 2021 and 2020, the total amount contributed by Century to the plan was \$732,629 and \$704,489, respectively, which is included in salaries and employee benefits on the accompanying consolidated statements of activities.

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

During the formation of Century Housing, Century Housing'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 Housing 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 Century. Therefore, should repayment occur, it will be accounted for as contingent assets income in the year in which the payments are received.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Contingent assets represented by affordable housing loans outstanding as of December 31, 2021 and 2020, total \$57,324,503 and \$57,735,746, respectively, and have an effective interest rate of 3% per annum. Unrecognized accrued interest receivable as of December 31, 2021 and 2020 was \$38,777,025 and \$37,751,750, respectively. For the years ended December 31, 2021 and 2020, Century recognized income in the amount \$1,041,741 and \$8,449,864 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

Notes 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, 2021 and 2020, the outstanding principal was \$972,000.

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021, the outstanding principal was \$590,000.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

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, 2021 and 2020, 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, 2021 and 2020, the outstanding principal was \$2,276,000.

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, 2021 and 2020, the outstanding principal was \$10,000,000, and accrued interest was \$1,029,589 and \$929,589, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$300,000 and \$311,404, 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, 2021 and 2020, the outstanding principal was \$1,975,000 and \$2,020,000, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$130,179 and \$128,277, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

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, 2021 and 2020, the outstanding principal was \$3,310,000, and accrued interest was \$703,813 and \$604,513, respectively. Interest expense for the years ended December 31, 2021 and 2020 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, 2021 and 2020, the principal balance of the loan was \$1,000,000 and accrued interest was \$35,167 and \$0, respectively. Interest expense for years ended December 31, 2021 and 2020 was \$35,167 and \$0, respectively.

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. 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 year ended December 31, 2020 was \$119,239.

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. 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 year ended December 31, 2020 was \$246,787.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

Notes payable – Wells Fargo Bank, N.A. (continued)

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. 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 year ended December 31, 2020 was \$720,369.

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. The Partnership has exercised its option to extend the term of the loan to September 1, 2022. As of December 31, 2021 and 2020, the outstanding principal balance was \$6,924,027 and \$1,025,276, respectively, and accrued interest was \$12,694 and \$1,854, respectively. Interest expense for years ended December 31, 2021 and 2020 was \$84,165 and \$5,547, of which \$72,240 and \$5,547 has been capitalized to fixed assets, respectively.

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. On December 15, 2021, a portion of the loan was sold from Wells Fargo to CCRC. Interest expense for years ended December 31, 2021 and 2020 was \$193,278 and \$78,538, of which \$73,455 and \$78,538 has been capitalized to fixed assets, respectively.

Notes payable - 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, 2021 and 2020, the outstanding principal was \$2,103,574 and \$2,269,278, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$130,552 and \$140,100, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

Notes payable - California Community Reinvestment Corporation (continued)

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, 2021 and 2020, the outstanding principal was \$2,191,616 and \$2,214,115, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$113,172 and \$119,744, respectively.

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, 2021 and 2020, the principal balance of the loan was \$1,509,163 and \$1,525,123, respectively, and accrued interest was \$6,716 and \$6,787, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$80,984 and \$64,247, respectively.

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, 2021 and 2020, the principal balance of the loan was \$9,921,421 and \$9,994,117, respectively, and accrued interest was \$44,729 and \$45,057, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$538,569 and \$96,151, respectively.

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, 2021 and 2020, the principal balance of the loan was \$2,142,894 and \$2,165,655, respectively, and accrued interest was \$9,294 in each year. Interest expense for the years ended December 31, 2021 and 2020 was \$111,007 and \$19,836, respectively.

On December 15, 2021, Woodbridge executed a loan with CCRC in the principal amount of \$8,271,000. 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 3.35% per annum. The loan has a term of 15 years with all unpaid principal and accrued interest due on January 1, 2037. As of December 31, 2021, the outstanding principal balance was \$8,271,000. Interest expense for year ended December 31, 2021 was \$13,084.

Notes payable - 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, 2021 and 2020, the principal balance of the loan was \$2,191,616, and accrued interest was \$228,657 and \$162,909, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$65,748 for each year.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

Notes payable - California Department of Housing and Community Development (continued)

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, 2021 and 2020, the principal balance of the loan was \$5,198,428, and accrued interest was \$239,704 and \$122,626, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$155,953 and \$122,626, respectively.

Notes 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, 2021 and 2020, the outstanding principal was \$2,070,740 and \$2,112,115, respectively, and accrued interest was \$6,799 and \$6,935, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$82,340 and \$83,941, 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, 2021 and 2020, the outstanding principal was \$176,300 and \$200,000, respectively, and accrued interest was \$2,975 and \$46,575, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$7,700 and \$8,100, respectively.

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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

Note payable – Los Angeles Housing and Community Investment Department (continued)

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.

As of December 31, 2021 and 2020, the outstanding principal balance was \$6,061,501 and accrued interest was \$602,432 and \$402,736, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$199,696 and \$139,117, respectively.

Notes payable - 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, 2021 and 2020, the outstanding principal was \$4,000,000, and accrued interest was \$229,678 and \$189,678, respectively. Interest expense for the years ended December 31, 2021 and 2020 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, 2021 and 2020, the outstanding principal was \$2,100,000, and accrued interest was \$318,639 and \$262,011, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$63,000 for each year.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

Notes payable - City of Long Beach (continued)

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, 2021 and 2020, the outstanding principal was \$1,100,000 and accrued interest was \$52,250 and \$19,250, respectively. Interest expense for years ended December 31, 2021 and 2020 was \$33,000 and \$19,250, of which \$13,208 and \$19,250 has been capitalized to fixed assets, respectively.

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, 2021 and 2020, the outstanding principal was \$1,500,000 and accrued interest was \$75,250 and \$30,250, respectively. Interest expense for the years ended December 31, 2021 and 2020 was \$45,000 and \$30,250, respectively, all of which has been capitalized to fixed assets.

Notes 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, 2021 and 2020, the outstanding principal was \$7,831,392 and \$7,941,449, respectively, and accrued interest was \$29,133 and \$29,542, 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, 2021 and 2020, the fair market value of the interest rate swap obligation was \$857,754 and \$1,267,938, respectively. For the years ended December 31, 2021 and 2020, the unrealized gain (loss) on the interest rate swap was \$410,184 and \$(551,474), respectively.

For the years ended December 31, 2021 and 2020, interest expense for the Union Bank loan and Swap was \$345,231 and \$350,922, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. Notes payable: housing activities (continued)

Notes 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, 2021 and 2020, the outstanding principal was \$10,809,685 and \$10,956,123, respectively, and accrued interest was \$0. Interest expense for the years ended December 31, 2021 and 2020 was \$462,593 and \$429,916, respectively.

On November 18, 2021, CityView executed a bond financing agreement with CMFA. CMFA authorized the California Municipal Finance Authority Multifamily Housing Revenue Bonds (CityView Apartments), 2021 Series A, in the principal amount of \$43,745,000 which was secured by the Indenture of Trust, as defined in the bond financing agreement. The bonds bears interest at a rate of 4% per annum and matures on November 1, 2036. Interest are paid semi-annually on May 1 and November 1 from escrow accounts held by US Bank. As of December 31, 2021, outstanding principal was \$43,745,000 and accrued interest was \$209,004. Interest expense for the year ended December 31, 2021 was \$209,004.

Additionally, bond premium proceeds in the amount of \$4,332,067 were received in conjunction with the closing of the CityView bonds. The premium is amortized over the life of the bond under the straight-line method as a reduction to interest expense. The balance of the premium as of December 31, 2021 was \$4,308,000. For the year ended December 31, 2021, amortization of the premium was \$24,067.

Note payable – Fannie Mae

On June 22, 2021, in concurrence with the acquisition of Ackerfield, Century Ackerfield, LLC assumed a note payable to Fannie Mae. The Fannie Mae loan is secured by a deed of trust, accrues interest at 2.685%, and matures on November 1, 2030. As of December 31, 2021, the outstanding principal was \$12,525,000. Interest expense for the year ended December 31, 2021 was \$147,108.

Note payable – Cedars-Sinai Medical Center

On February 25, 2021, CADI 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% 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 31, 2025. As of December 31, 2021, the outstanding principal was \$360,000 and accrued interest was \$336. Interest expense for the year ended December 31, 2021 was \$1,680.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Line of credit – City National Bank

On December 11, 2006, Century Housing entered into a Credit Agreement with City National Bank under which City National Bank shall provide a line of credit to Century Housing in an amount up to 65% of the market value of the financial assets of Century Housing under the custody of City National Bank, up to a maximum of \$20,000,000. Century Housing has granted City National Bank a lien on the assets under its custody. 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. On July 31, 2021, any outstanding balance was paid off and the line of credit was terminated.

Line of credit - Federal Home Loan Bank of San Francisco

On May 27, 2011, Century Housing 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 Housing 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 2021 and 2020, advances bore interest ranging from 0.20% to 3.81% and had maturity dates ranging from February 10, 2021 to October 10, 2036, respectively. As of December 31, 2021 and 2020, advances secured by U.S. Treasury Inflation-Protected Securities purchased by Century Housing were \$31,673,714 and \$29,978,323, respectively. As of December 31, 2021 and 2020, there is also a settlement transaction account in the amount of \$140,669 and \$210,439, respectively, and capital stock in the amount \$776,300 and \$886,600, respectively. As of December 31, 2021 and 2020, the outstanding principal was \$25,000,000 and \$28,549,500, respectively, and accrued interest was \$2,383 and \$2,397, respectively. Interest incurred during 2021 and 2020 was \$870,930 and \$967,416, respectively.

Note Payable – Los Angeles County Housing Innovation Fund II

On May 29, 2014, Century Housing 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 Housing may request advances to fund loans made by Century Housing 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, 2021 and 2020, the outstanding principal was \$6,274,125 and \$6,742,500, respectively, and accrued interest was \$31,268 and \$84,314, respectively. Interest incurred during 2021 and 2020 was \$130,200 and \$107,687, respectively.

Note payable – Wells Fargo Community Investment Holdings

On June 24, 2014, Century Housing 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, 2021 and 2020, the outstanding principal was \$1,000,000, and accrued interest was \$5,000. Interest incurred during 2021 and 2020 was \$20,000 for each year.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

COIN CDFI Tax Credit Loans

During 2015, Century Housing, 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. On September 28, 2020, the COIN Loans were paid off.

Note payable – U.S. Bank N.A.

On September 20, 2018, Century Housing 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. On August 12, 2020, any outstanding balance was paid off. Interest incurred during 2020 was \$125,440.

Line of credit – U.S. Bank N.A.

On July 30, 2019, Century Housing 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 Housing 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. On July 28, 2021, the maximum commitment amount was decreased to \$100,000,000 and maturity of the line of credit was extended to July 31, 2023. The commitment of US Bank, Chase, Wells Fargo, Compass Bank, Charles Schwab, HSBC and City National Bank was amended to \$24,000,000, \$20,000,000, \$13,600,000, \$13,600,000, \$13,600,000, \$9,200,000, and \$6,000,000, respectively. Any outstanding principal as of the maturity date shall be converted to a 2-year term loan. As of December 31, 2021 and 2020, the outstanding principal was \$14,743,442 and \$120,243,442, respectively, and accrued interest was \$37,656 and \$201,477, respectively. Interest incurred during 2021 and 2020 was \$1,298,804 and \$2,224,482, respectively.

Note payable – Cedars-Sinai Medical Center

On December 4, 2020, Century Housing 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, 2021 and 2020, the outstanding principal was \$5,000,000 and accrued interest was \$4,792 and \$4,173, respectively. Interest incurred during 2021 and 2020 was \$57,500 and \$4,173, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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

	<u>2021</u>	<u>2020</u>
Principal balance	\$ 221,521,213	\$ 271,701,947
Add: bonds payable premium	4,308,000	-
less: unamortized debt issuance costs	<u>(3,126,976)</u>	<u>(1,809,820)</u>
Notes payable and lines of credit, net of premium and unamortized debt issuance costs	<u>\$ 222,702,237</u>	<u>\$ 269,892,127</u>

Debt issuance costs are being amortized to interest expense over the term of the loan. For 2021 and 2020, the effective interest rate for the Tax-Exempt Bonds was 6.60% and 6.34%, respectively. For 2021 and 2020, the effective interest rate for MHSA Loans was 3.05%. For 2021 and 2020, the effective interest rate for Cabrillo CCRC Loan was 6.22% and 6.20%, respectively. For 2021 and 2020, the effective interest rate for Anchor CCRC Loan was 5.40%. For 2021 and 2020, the effective interest rate for Anchor City Loan was 1.01%. For 2021 and 2020, the effective interest rate for PNC Loan was 4.20% and 4.18%, respectively. For 2021 and 2020, the effective interest rate for HCIDLA Loans was 3.29% and 3.04%, respectively. For 2021 and 2020, the effective interest rate for Florence Morehouse CCRC Loan was 6.12% and 6.19%, respectively. For 2021 and 2020, the effective interest rate of Beacon Place CCRC Loan was 5.49% and 5.48%, respectively. During 2021 and 2020, amortization expense for debt issuance costs was \$124,642 and \$121,785, respectively.

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

Year ending December 31:	
2022	\$ 12,834,577
2023	15,711,531
2024	2,988,149
2025	1,063,908
2026	1,122,818
Thereafter	<u>187,800,230</u>
Total	<u>\$ 221,521,213</u>

13. Bonds payable: lending activities – Century Housing Corporation

During 2019, Century Housing 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 Housing payable from all legally available revenues and assets of Century Housing. 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 Housing. 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, 2021 and 2020, the outstanding Impact Bonds payable was \$10,000,000 and \$50,000,000, respectively, and accrued interest was \$69,133 and \$335,467, respectively. Interest incurred during 2021 and 2020 was \$1,746,467 and \$3,606,133, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

13. Bonds payable: lending activities – Century Housing Corporation (continued)

During 2020, Century Housing 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 as trustee. The CMFA Bonds are a general obligation of Century Housing payable from all legally available revenues and assets of Century Housing. 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 Housing. 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, 2021 and 2020, the outstanding CMFA Bonds payable was \$85,000,000 and accrued interest was \$263,825. Interest incurred during 2021 and 2020 was \$1,582,950 and \$795,872, respectively.

During 2021, Century Housing issued Century Sustainable Impact Notes (the “Impact Notes”) in the total aggregate offering of \$150,000,000 with US Bank as trustee. The Impact Notes are a general obligation of Century Housing payable from all legally available revenues and assets of Century Housing. The Impact Notes are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other revenues or assets of Century Housing. The proceeds of the bonds were used to refinance existing obligations and finance loans related to the development of multi-family affordable housing. The interest rates for the Impact Notes are set forth in the relevant pricing supplement and had various terms of between six months and 20 years, as set forth in the relevant pricing supplement. As of December 31, 2021, outstanding bonds payable was \$74,555,000 and accrued interest was \$49,868. Interest incurred during 2021 was \$214,698.

During 2021, Century Housing executed a bond agreement with New York Life in the principal amount of \$50,000,000. The New York Life bonds are a general obligation of Century Housing, payable from all legally available revenues and assets of Century Housing. The New York Life 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 Housing. The proceeds of the bonds were used to refinance existing obligations and finance loans related to the development of multi-family affordable housing. The New York Life bonds were issued in tranches, wherein \$15,000,000, \$25,000,000, and \$10,000,000, bear interest rates of 2.39%, 2.64% and 2.98%, respectively, and have a maturity date of November 1, 2031, November 1, 2036, and November 1, 2041, respectively. As of December 31, 2021, outstanding principal was \$50,000,000 and accrued interest was \$219,417. Interest incurred during 2021 was \$219,417.

During 2021, Century Housing issued California Municipal Finance Authority Tax-Exempt Bonds, 2021 Series A (Century Housing Corporation) (Sustainability Bonds) (the “Series 2021A Bonds”) in the principal amount of \$17,515,000 pursuant to the terms of an Indenture of Trust, dated as of November 1, 2021, with US Bank as trustee. The proceeds of the bonds were used to finance the acquisition of CityView. The bonds bear interest at a rate of 4% per annum and matures on November 1, 2031. Interest are paid semi-annually on May 1 and November 1 from escrow accounts held by US Bank. As of December 31, 2021, outstanding principal was \$17,515,000 and accrued interest was \$85,629. Interest incurred during 2021 was \$85,629.

Additionally, bond premium proceeds in the amount of \$3,836,135 were received in conjunction with the closing of the bonds. The premium is amortized over the life of the bond under the straight-line method as a reduction to interest expense. The balance of the premium as of December 31, 2021 was \$3,836,135. For the year ended December 31, 2021, amortization of the premium was \$46,244.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

13. Bonds payable: lending activities – Century Housing Corporation (continued)

Bonds payable consist of the following as of December 31,

	<u>2021</u>	<u>2020</u>
Principal balance	\$ 237,070,000	\$ 135,000,000
add: bonds payable premium	3,789,891	-
less: unamortized debt issuance costs	<u>(1,880,136)</u>	<u>(1,461,708)</u>
Bonds payable, net of premium and unamortized debt issuance costs	<u>\$ 238,979,755</u>	<u>\$ 133,538,292</u>

Debt issuance costs are being amortized to interest expense over the term of the bonds. During 2021 and 2020, amortization expense for debt issuance costs was \$693,300 and \$483,438, respectively.

Expected future annual principal payments on the bonds payable are as follows:

Year ending December 31:	
2022	\$ 71,807,000
2023	56,681,000
2024	14,624,000
2025	-
2026	-
Thereafter	<u>93,958,000</u>
Total	<u>\$ 237,070,000</u>

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. No interest has been accrued on these loans. During 2021, the loan was fully amortized and all outstanding principal and interest was forgiven. During 2021 and 2020, CVC recognized debt forgiveness income of \$233,334 and \$200,000, respectively.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

14. Forgivable loans: housing activities (continued)

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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, Plaza de Cabrillo, and Cove, 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, 0.01% of Plaza de Cabrillo, and 99% of Cove. 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, 2021 and 2020, WFAHCDC has invested \$26,003,510 of equity into the Cabrillo Gateway project. As of December 31, 2021 and 2020, WFAHCDC has invested \$34,905,187 of equity into the Anchor Place project. As of December 31, 2021 and 2020, WFAHCDC has invested \$1,325,898 and \$543,692, respectively, 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, Anchor Place was certified for occupancy on September 28, 2017, and Plaza de Cabrillo was certified for occupancy on November 30, 2021.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, TSA’s and US VETS’s share of predevelopment expenses relating to the West LA development was \$737,757 and \$1,045,571, respectively.

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, 2021 and 2020, CADI incurred \$553,873 and \$347,026 of predevelopment costs on the OSP project, respectively, 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.

<u>Partnership</u>	<u>Investor Limited Partner</u>	<u>Guaranty Balance</u>	<u>Affordable Housing Location</u>
Cabrillo Gateway, L.P.	WFAHCD	7,801,053	Long Beach, CA
Anchor Place, L.P.	WFAHCD	20,099,935	Long Beach, CA
Plaza de Cabrillo, L.P.	WFAHCD	489,323	Long Beach, CA
Century Arrowhead Vista, L.P.	WFAHCD	686,174	San Bernardino, CA
Beacon Place, L.P.	WFAHCD	8,854,218	Long Beach, CA
Beacon Pointe, L.P.	Wells Fargo Community Investment Holdings, LLC	28,178,110	Long Beach, CA
Century Beachwood Apartments 2, L.P.	WFAHCD	4,077,533	Long Beach, CA
Florence Morehouse, L.P.	WFAHCD	6,402,439	Los Angeles, CA
Casa Rita, L.P.	WFAHCD	5,615,462	Huntington Park, CA
Woodbridge Apartments, L.P.	WFAHCD	5,484,845	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.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

17. Commitments and contingencies (continued)

Legal proceedings

Century 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 Century'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

Deferred development fee ("DDF") income

Deferred development fee income was \$2,047,940 and \$1,747,297, net of accumulated amortization of \$110,059 and \$69,392, respectively, related to the 10% profit portion of development fees as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, amortization of development fees capitalized as real property totaled \$40,667 and \$36,850, respectively. The deferred income is amortized using the straight-line method over the estimated useful life of the underlying asset.

	DDF Income 12/31/20	Developer fee income	Eliminated against salaries expense	Amortization of DDF income	DDF Income 12/31/21
Cabrillo Gateway	\$ 43,125	\$ -	\$ -	\$ (1,250)	\$ 41,875
Anchor Place	183,750	-	-	(5,000)	178,750
Century Beachwood 2	202,679	-	-	(5,334)	197,345
Florence Morehouse	293,235	-	-	(7,518)	285,717
Beacon Pointe	191,658	-	-	(4,914)	186,744
Beacon Place	192,500	-	-	(5,000)	187,500
Casa Rita	297,670	-	-	(7,833)	289,837
Woodbridge	179,500	822,961	(740,665)	(3,818)	257,978
Plaza de Cabrillo	163,180	2,590,139	(2,331,125)	-	422,194
Total	<u>\$ 1,747,297</u>	<u>\$ 3,413,100</u>	<u>\$ (3,071,790)</u>	<u>\$ (40,667)</u>	<u>\$ 2,047,940</u>

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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	<u>\$ 1,426,742</u>	<u>\$ 3,574,053</u>	<u>\$ (3,216,648)</u>	<u>\$ (36,850)</u>	<u>\$ 1,747,297</u>

19. Net assets with donor restriction

Net assets with donor restriction at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
CDFI Funds	\$ 3,083,265	\$ 1,386,500
Capital Magnet Funds	20,590,122	18,790,122
West Los Angeles Veterans Collective	20,000,000	-
Specific program restriction for resident services	-	100,000
Total	<u>\$ 43,673,387</u>	<u>\$ 20,276,622</u>

During 2021, Century Housing was awarded \$1,826,265 of CDFI Funds - Rapid Response Program and \$557,000 of CDFI Funds - Financial Assistance Grants (collectively, “CDFI grants”) that must be committed for use in a manner prescribed in the grant agreement. The CDFI grants 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. Century Housing loans these funds on a short-term basis generally for periods not to exceed 12 months. During 2021 and 2020, Century Housing disbursed \$1,257,000 and \$1,386,500, respectively, of the CDFI grants to eligible recipients.

During 2020, Century Housing was awarded \$4,790,122 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 used as revolving loans and 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. Century Housing loans these funds on a short-term basis generally for periods not to exceed 12 months. As of December 31, 2021 and 2020, Century Housing disbursed Capital Magnet funds of \$18,311,110 and \$16,989,000, respectively, to eligible recipients. As of December 31, 2021 and 2020, total funds committed to date were \$30,789,100 and \$16,989,000, respectively. 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 Century. If Century Housing meets certain benchmarks as described in the agreement prior to the Completion Date, the funds will become net assets without donor restriction to Century.

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

19. Net assets with donor restriction (continued)

During 2021, CADI was awarded \$1,800,000 of Capital Magnet Funds that must be used as affordable housing fund to finance for very-low income, and extremely-low income families. 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. As of December 31, 2021, CADI disbursed Capital Magnet funds of \$1,800,000 to eligible recipients.

During 2021, CADI was awarded \$20,000,000 of Veteran Services Grant Support appropriated for use for the West Los Angeles Veterans Collective to build affordable housing units and related infrastructure as part of the permanent supportive housing community on the West Los Angeles VA Medical Center campus.

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 Century and to the non-controlling interest:

	<u>Total</u>	<u>Controlling Interest</u>	<u>Non-controlling Interest</u>
Net assets without donor restriction, January 1, 2020	\$ 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	<u>25,416,984</u>	<u>34,410,387</u>	<u>(8,993,403)</u>
Net assets without donor restriction, December 31, 2020	371,193,498	258,421,540	112,771,958
Contributions	7,318,629	-	7,318,629
Distributions	(18,345)	-	(18,345)
Syndication costs	(208,767)	-	(208,767)
Change in net assets from continuing operations	<u>15,093,783</u>	<u>23,778,602</u>	<u>(8,684,819)</u>
Net assets without donor restriction, December 31, 2021	<u>\$ 393,378,798</u>	<u>\$ 282,200,142</u>	<u>\$ 111,178,656</u>

21. Liquidity and availability of financial assets

As of December 31, 2021 and 2020, Century has \$279,370,780 and \$280,445,225, 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 Century in a manner to ensure compliance with the approved budget, Century has various other sources of liquidity.

SUPPLEMENTARY INFORMATION

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021

	Century and lending entities ⁽¹⁾	Century California Fund	CLTVF and affiliates	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
ASSETS							
Cash and cash equivalents	\$ 3,057,754	\$ 53,409	\$ 113,547	\$ 3,078,249	\$ 747,066	\$ -	\$ 7,050,025
Restricted cash	6,668,013	-	273,753	26,158,044	4,118,719	-	37,218,529
Accounts receivable, net	(2,302,613)	8,274,907	69,376	4,925,300	546,203	(10,584,506)	928,667
Investments	150,382,656	-	25,137,637	-	-	(48,166,958)	127,353,335
Interest receivable	5,996,655	22,482	-	-	-	(4,100,252)	1,918,885
Notes receivable, net	398,232,854	(22,482)	-	-	-	(31,501,827)	366,708,545
Deferred charges, net	-	-	-	322,079	255,753	-	577,832
Prepaid expenses and other assets	101,485	-	10,218	1,292,436	248,928	-	1,653,067
Real estate held for investment, net	6,354,355	-	16,133,611	233,829,739	117,977,460	(1,524,164)	372,771,001
Furniture, fixtures and equipment, net	205,115	-	5,803	4,674,189	2,199,231	(123,093)	6,961,245
Total assets	<u>\$ 568,696,274</u>	<u>\$ 8,328,316</u>	<u>\$ 41,743,945</u>	<u>\$ 274,280,036</u>	<u>\$ 126,093,360</u>	<u>\$ (96,000,800)</u>	<u>\$ 923,141,131</u>
LIABILITIES AND NET ASSETS							
Accounts payable and accrued liabilities	\$ 1,755,363	\$ -	\$ 65,816	\$ 1,851,041	\$ 3,666,258	\$ (983,769)	\$ 6,354,709
Accrued interest	809,003	-	-	3,799,838	4,141,023	(4,104,002)	4,645,862
Security deposits	9,674	-	91,796	699,171	758,619	-	1,559,260
Deferred income	440,508	-	-	1,843,744	220,625	-	2,504,877
Fair value of interest rate swap liability	1,155,395	-	-	857,754	-	-	2,013,149
Bonds payable, net of premium and unamortized debt issuance costs	238,979,755	-	-	-	-	-	238,979,755
Notes payable and lines of credit, net of unamortized debt issuance costs	52,017,567	-	37,530,356	135,522,753	54,981,658	(57,350,097)	222,702,237
Other liabilities	6,345,911	-	2,198	817,514	4,047,613	(3,884,139)	7,329,097
Forgivable loans	-	-	-	-	-	-	-
Total liabilities	<u>301,513,176</u>	<u>-</u>	<u>37,690,166</u>	<u>145,391,815</u>	<u>67,815,796</u>	<u>(66,322,007)</u>	<u>486,088,946</u>
Net assets:							
Without donor restriction							
Controlling interest	245,309,711	8,328,316	4,053,779	28,854,558	1,593,997	(5,940,219)	282,200,142
Non-controlling interest	-	-	-	78,233,663	56,683,567	(23,738,574)	111,178,656
With donor restriction - controlling interest	21,873,387	-	-	21,800,000	-	-	43,673,387
Total net assets	<u>267,183,098</u>	<u>8,328,316</u>	<u>4,053,779</u>	<u>128,888,221</u>	<u>58,277,564</u>	<u>(29,678,793)</u>	<u>437,052,185</u>
Total liabilities and net assets	<u>\$ 568,696,274</u>	<u>\$ 8,328,316</u>	<u>\$ 41,743,945</u>	<u>\$ 274,280,036</u>	<u>\$ 126,093,360</u>	<u>\$ (96,000,800)</u>	<u>\$ 923,141,131</u>

⁽¹⁾ Includes Century Housing Corporation and Century Metropolitan Fund, LLC

see report of independent auditors

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

	Century and other entities ⁽¹⁾	Century California Fund	CLTVF	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
ASSETS							
Cash and cash equivalents	\$ 9,634,405	\$ 30,000	\$ 27,273	\$ 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	649,760	-	(27,273)	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	<u>\$ 547,613,729</u>	<u>\$ 7,887,906</u>	<u>\$ -</u>	<u>\$ 182,650,964</u>	<u>\$ 119,468,344</u>	<u>\$ (41,087,503)</u>	<u>\$ 816,533,440</u>
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	<u>304,621,176</u>	<u>-</u>	<u>-</u>	<u>100,060,450</u>	<u>57,221,386</u>	<u>(36,839,692)</u>	<u>425,063,320</u>
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	<u>242,992,553</u>	<u>7,887,906</u>	<u>-</u>	<u>82,590,514</u>	<u>62,246,958</u>	<u>(4,247,811)</u>	<u>391,470,120</u>
Total liabilities and net assets	<u>\$ 547,613,729</u>	<u>\$ 7,887,906</u>	<u>\$ -</u>	<u>\$ 182,650,964</u>	<u>\$ 119,468,344</u>	<u>\$ (41,087,503)</u>	<u>\$ 816,533,440</u>

⁽¹⁾ Includes Century Housing Corporation and Century Metropolitan Fund, LLC

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Century Housing and lending entities ⁽¹⁾	Century California Fund	CLTVF and affiliates	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
LENDING REVENUE							
Income on notes receivable	\$ 28,681,789	\$ 89,563	\$ -	\$ -	\$ -	\$ (935,440)	\$ 27,835,912
Residual receipts and contingent asset income	1,041,741	-	-	-	-	-	1,041,741
Other income	379,116	-	-	-	-	-	379,116
Net assets released from restrictions	686,500	-	-	-	-	-	686,500
Total lending revenue	30,789,146	89,563	-	-	-	(935,440)	29,943,269
HOUSING REVENUE AND SUPPORT							
CVC, CADI and other real estate operations							
Rental property income	-	-	583,006	8,982,425	9,816,544	(48,010)	19,333,965
Debt forgiveness income	-	-	-	-	233,334	-	233,334
Other real estate income	-	-	-	1,037,896	-	(215,340)	822,556
Grant income	-	-	-	-	586,000	-	586,000
Income from certificated state credits	-	-	-	68,386	-	-	68,386
Contributions and fundraising income	-	-	-	-	405,649	-	405,649
Net assets released from restrictions	-	-	-	-	100,000	-	100,000
Total housing revenue and support	-	-	583,006	10,088,707	11,141,527	(263,350)	21,549,890
Total revenue	30,789,146	89,563	583,006	10,088,707	11,141,527	(1,198,790)	51,493,159
LENDING EXPENSES							
Allocation for loan losses	6,923	(41,310)	-	-	-	-	(34,387)
Borrowing fees	193,545	-	-	-	-	-	193,545
Bond fees	798,559	-	-	-	-	-	798,559
Interest expense	6,180,351	-	-	-	-	-	6,180,351
Salaries and employee benefits	2,272,132	-	-	-	-	-	2,272,132
Direct lending expenses	79,999	-	-	-	-	-	79,999
Total lending expenses	9,531,509	(41,310)	-	-	-	-	9,490,199
HOUSING EXPENSES							
CVC, CADI and other real estate operations							
Rental property expenses	-	-	260,614	4,292,784	4,448,751	(48,010)	8,954,139
Property depreciation and amortization	-	-	107,457	5,221,634	4,614,193	-	9,943,284
Interest expense	-	-	147,108	3,155,662	826,932	(646,095)	3,483,607
Borrowing fees	-	-	8,250	107,618	14,058	-	129,926
Other real estate expenses	-	-	202,243	86,546	229,198	(202,188)	315,799
Salaries and employee benefits	-	-	-	445,916	5,273,611	692,482	6,412,009
Total housing expenses	-	-	725,672	13,310,160	15,406,743	(203,811)	29,238,764
CORPORATE EXPENSES							
Salaries and employee benefits	4,179,735	-	-	-	-	(692,482)	3,487,253
Professional fees	269,578	-	-	-	-	-	269,578
Business development expenses	258,115	270,696	-	-	-	-	528,811
General and administrative expenses	900,572	500	250	-	-	-	901,322
Depreciation and amortization expense	187,494	-	-	-	-	-	187,494
Total corporate expenses	5,795,494	271,196	250	-	-	(692,482)	5,374,458
Total expenses	15,327,003	229,886	725,922	13,310,160	15,406,743	(896,293)	44,103,421

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

	Century Housing and lending entities ⁽¹⁾	Century California Fund	CLTVF and affiliates	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
Change in net assets without donor restriction before other income and expenses	15,462,143	(140,323)	(142,916)	(3,221,453)	(4,265,216)	(302,497)	7,389,738
OTHER INCOME AND (EXPENSES)							
Investment interest and dividends	1,642,173	594,000	-	3,750	-	(3,750)	2,236,173
Realized and unrealized gain on financial investments	5,472,963	-	-	-	-	-	5,472,963
Unrealized gain on interest rate swap	2,751,351	-	-	410,184	-	-	3,161,535
Loss on interest rate swap termination	(2,834,050)	-	-	-	-	-	(2,834,050)
Income tax expense	(800)	(13,267)	(800)	(10,413)	(9,625)	-	(34,905)
Bad debt expense	-	-	-	(66,501)	(231,170)	-	(297,671)
Net other income and (expenses)	<u>7,031,637</u>	<u>580,733</u>	<u>(800)</u>	<u>337,020</u>	<u>(240,795)</u>	<u>(3,750)</u>	<u>7,704,045</u>
Change in net assets without donor restriction from operations	22,493,780	440,410	(143,716)	(2,884,433)	(4,506,011)	(306,247)	15,093,783
Contributions from non-controlling interest	-	-	4,197,495	27,476,815	782,206	(25,137,887)	7,318,629
Distributions to non-controlling interest	-	-	-	(11,000)	(20,497)	13,152	(18,345)
Syndication costs paid by non-controlling interest	-	-	-	(83,675)	(125,092)	-	(208,767)
Change in net assets without donor restriction	<u>22,493,780</u>	<u>440,410</u>	<u>4,053,779</u>	<u>24,497,707</u>	<u>(3,869,394)</u>	<u>(25,430,982)</u>	<u>22,185,300</u>
Net assets with donor restriction							
Contributions	2,383,265	-	-	21,800,000	-	-	24,183,265
Release from net assets with donor restriction	(686,500)	-	-	-	(100,000)	-	(786,500)
Change in net assets with donor restriction	<u>1,696,765</u>	<u>-</u>	<u>-</u>	<u>21,800,000</u>	<u>(100,000)</u>	<u>-</u>	<u>23,396,765</u>
Total change in net assets	24,190,545	440,410	4,053,779	46,297,707	(3,969,394)	(25,430,982)	45,582,065
Net assets at beginning of year	<u>242,992,553</u>	<u>7,887,906</u>	<u>-</u>	<u>82,590,514</u>	<u>62,246,958</u>	<u>(4,247,811)</u>	<u>391,470,120</u>
Net assets at end of year	<u>\$ 267,183,098</u>	<u>\$ 8,328,316</u>	<u>\$ 4,053,779</u>	<u>\$ 128,888,221</u>	<u>\$ 58,277,564</u>	<u>\$ (29,678,793)</u>	<u>\$ 437,052,185</u>

⁽¹⁾ Includes Century Housing Corporation and Century Metropolitan Fund, LLC

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

	Century Housing and lending entities ⁽¹⁾	Century California Fund	CLTVF	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
LENDING REVENUE							
Income on 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
Total lending revenue	27,993,047	7,930,016	-	-	-	(1,423,268)	34,499,795
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	27,993,047	8,075,397	-	16,965,919	11,810,005	(1,596,999)	63,247,369
LENDING EXPENSES							
Allocation for loan losses	903,048	186,691	-	-	-	-	1,089,739
Borrowing fees	129,499	-	-	-	-	-	129,499
Bond fees	483,438	-	-	-	-	-	483,438
Interest expense	7,851,203	-	-	-	-	-	7,851,203
Salaries and employee benefits	2,058,306	-	-	-	-	-	2,058,306
Direct lending expenses	89,105	-	-	-	-	-	89,105
Total lending expenses	11,514,599	186,691	-	-	-	-	11,701,290
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	-	-	-	2,787,183	1,364,263	(943,490)	3,207,956
Borrowing fees	-	-	-	127,805	14,057	-	141,862
Other real estate expenses	-	-	-	222,260	191,390	-	413,650
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
CORPORATE EXPENSES							
Salaries and employee benefits	4,251,142	-	-	-	-	(1,198,891)	3,052,251
Professional fees	345,898	-	-	-	-	-	345,898
Business development expenses	411,287	-	-	-	-	(145,381)	265,906
General and administrative expenses	884,818	250	250	-	-	-	885,318
Depreciation and amortization expense	185,756	-	-	-	-	-	185,756
Total corporate expenses	6,078,901	250	250	-	-	(1,344,272)	4,735,129
Total expenses	17,593,500	186,941	250	11,514,987	15,414,913	(1,088,871)	43,621,720

see report of independent auditors

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

	Century Housing and lending entities ⁽¹⁾	Century California Fund	CLTVF	CADI and affiliates	CVC and affiliates	Eliminations	Consolidated Total
Change in net assets without donor restriction before other income and expenses	10,399,547	7,888,456	(250)	5,450,932	(3,604,908)	(508,128)	19,625,649
OTHER INCOME AND (EXPENSES)							
Investment interest and dividends	2,219,489	-	-	16,973	306	-	2,236,768
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	(800)	(800)	(800)	(8,307)	(10,660)	-	(21,367)
Bad debt expense	-	-	-	(26,192)	(149,465)	-	(175,657)
Net other income and (expenses)	6,521,754	(800)	(800)	(569,000)	(159,819)	-	5,791,335
Change in net assets without donor restriction from operations	16,921,301	7,887,656	(1,050)	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	16,921,301	7,887,656	(1,050)	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	21,711,423	7,887,906	(1,050)	48,557,664	(2,161,463)	(480,028)	75,514,452
Net assets at beginning of year	221,281,130	-	1,050	34,032,850	64,408,421	(3,767,783)	315,955,668
Net assets at end of year	<u>\$ 242,992,553</u>	<u>\$ 7,887,906</u>	<u>\$ -</u>	<u>\$ 82,590,514</u>	<u>\$ 62,246,958</u>	<u>\$ (4,247,811)</u>	<u>\$ 391,470,120</u>

⁽¹⁾ Includes Century Housing Corporation and Century Metropolitan Fund, LLC

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION - CENTURY HOUSING CORPORATION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,027,429	\$ 9,604,080
Restricted cash	6,668,013	11,897,293
Accounts receivable, net	563,673	680,085
Investments	127,353,335	119,806,458
Investments in affiliates	20,194,410	-
Interest receivable	1,896,403	2,003,276
Interest receivable from affiliates	4,100,252	3,518,209
Notes receivable, net	366,731,027	363,844,036
Notes receivable from affiliates	31,501,827	31,508,431
Prepaid expenses and other assets	101,485	140,544
Real estate held for investment, net	6,354,355	6,446,580
Furniture, fixtures and equipment, net	<u>205,115</u>	<u>289,328</u>
Total assets	<u>\$ 568,697,324</u>	<u>\$ 549,738,320</u>
LIABILITIES AND NET ASSETS		
Investments in affiliates	\$ -	\$ 2,124,591
Accounts payable and accrued liabilities	1,755,363	1,502,794
Accrued interest	809,003	945,432
Fair value of interest rate swap liability	1,155,395	3,906,746
Security deposits	9,674	9,674
Deferred income	440,508	345,923
Other liabilities	6,345,911	2,836,873
Bonds payable, net of premium and unamortized debt issuance costs	238,979,755	133,538,292
Notes payable and lines of credit	<u>52,017,567</u>	<u>161,535,442</u>
Total liabilities	301,513,176	306,745,767
Net assets:		
Net assets without donor restriction	245,310,761	222,815,931
Net assets with donor restriction	<u>21,873,387</u>	<u>20,176,622</u>
Total net assets	<u>267,184,148</u>	<u>242,992,553</u>
Total liabilities and net assets	<u>\$ 568,697,324</u>	<u>\$ 549,738,320</u>

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
STATEMENTS OF ACTIVITIES - CENTURY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LENDING REVENUE		
Income on notes receivable	\$ 28,681,789	\$ 27,009,043
Residual receipts and contingent asset income	1,041,741	768,149
Other income	231,116	84,355
Net assets released from restrictions	686,500	-
Total lending revenue	<u>30,641,146</u>	<u>27,861,547</u>
HOUSING REVENUE AND SUPPORT		
Other real estate operations		
Rental property income	138,000	121,500
Contributions and fundraising income	10,000	10,000
Total housing revenue and support	<u>148,000</u>	<u>131,500</u>
OTHER REVENUE		
Investment interest and dividends	1,642,173	2,219,489
Total other revenue	<u>1,642,173</u>	<u>2,219,489</u>
Total revenue	32,431,319	30,212,536
LENDING EXPENSES		
Allocation for loan losses	6,923	903,048
Borrowing fees	193,545	129,499
Bond fees	798,559	483,438
Interest expense	6,180,351	7,851,203
Salaries and employee benefits	2,272,132	2,058,306
Direct lending expenses	79,999	89,105
Total lending expenses	<u>9,531,509</u>	<u>11,514,599</u>
HOUSING EXPENSES		
Other real estate operations		
Rental property expenses	18,020	140,529
Property depreciation and amortization	90,062	90,063
Total housing expenses	<u>108,082</u>	<u>230,592</u>
MANAGEMENT AND GENERAL EXPENSES		
Salaries and employee benefits	4,179,735	4,251,142
Professional fees	269,578	345,898
Business development expenses	258,115	411,287
General and administrative expenses	882,302	744,039
Depreciation and amortization expense	97,432	95,693
Total management and general expenses	<u>5,687,162</u>	<u>5,848,059</u>
Total expenses	<u>15,326,753</u>	<u>17,593,250</u>

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SUPPLEMENTARY INFORMATION
STATEMENTS OF ACTIVITIES - CENTURY HOUSING CORPORATION - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Change in net assets without donor restriction before other income and expenses	17,104,566	12,619,286
OTHER INCOME AND (EXPENSES)		
Realized and unrealized gains on financial investments	5,472,963	7,981,299
Unrealized gain (loss) on interest rate swap	2,751,351	(1,345,664)
Loss on interest rate swap termination	(2,834,050)	(2,332,570)
Net other income and (expenses)	<u>5,390,264</u>	<u>4,303,065</u>
Change in net assets from continuing operations	22,494,830	16,922,351
Change in net assets with donor restriction		
Contributions	2,383,265	4,790,122
Release from net assets with donor restriction	(686,500)	-
Change in net assets with donor restriction	<u>1,696,765</u>	<u>4,790,122</u>
Change in net assets	24,191,595	21,712,473
Net assets at beginning of year	<u>242,992,553</u>	<u>221,280,080</u>
Net assets at end of year	<u><u>\$ 267,184,148</u></u>	<u><u>\$ 242,992,553</u></u>

see report of independent auditors

CENTURY HOUSING CORPORATION AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Agent/ Program Title	Catalog of Federal Domestic Assistance Number	Agreement Number	Federal Expenditures
<u>Department of the Treasury:</u>			
Community Development Financial Institutions Program – Financial Assistance	21.020	201FA054529	\$ 557,000
Community Development Financial Institutions Program – Rapid Response Program	21.024	21RRP056551	1,826,265
Community Development Financial Institutions Program – Capital Magnet Fund	21.011	171CM022288	5,779,000
Community Development Financial Institutions Program – Capital Magnet Fund	21.011	181CM050468	3,710,000
Community Development Financial Institutions Program – Capital Magnet Fund	21.011	191CM053381	<u>4,311,110</u>
Total Expenditures of Federal Awards			<u>\$ 16,183,375</u>

See report of independent auditors and accompanying notes to
Schedule of Expenditures of Federal Awards

CENTURY HOUSING CORPORATION AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021. 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 \$4,311,110 in expenditures from prior year for which continuing compliance is required.



NOVOGRADAC
& COMPANY LLP®

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, which comprise the consolidated statement of financial position as of December 31, 2021, 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 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Century Housing Corporation and Affiliates' 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 Century Housing Corporation and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Century Housing Corporation and Affiliates' 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.

Report on 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 testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Century Housing Corporation and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Century Housing Corporation and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

Walnut Creek, California
April 28, 2022



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

Opinion on Each Major Federal Program

We have audited the compliance of Century Housing Corporation, a California nonprofit public benefit corporation, and Affiliates (the "Century"), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Century's major federal programs for the year ended December 31, 2021. Century's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Century 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Century Housing Corporation and Affiliates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Century Housing Corporation and Affiliates' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Century Housing Corporation and Affiliates' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Century Housing Corporation and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Century Housing Corporation and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Century Housing Corporation and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Century Housing Corporation and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Century Housing Corporation and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Novogrudac & Company LLP

Walnut Creek, California
April 28, 2022

CENTURY HOUSING CORPORATION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.011	Community Development Financial Institutions Program – Capital Magnet Fund
21.024	Community Development Financial Institutions Program – Rapid Response Program

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.