

**Preservation of Affordable Housing, Inc.  
and Subsidiaries**

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

**December 31, 2023**

---

# Preservation of Affordable Housing, Inc. and Subsidiaries

## Index

Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	7
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Changes in Net Assets	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
Supplementary Information	
Consolidating Schedule of Financial Position	46
Consolidating Schedule of Activities	48
Consolidating Schedule of Changes in Net Assets	49
Consolidating Schedule of Cash Flows	50
Consolidating Schedule of Financial Position - Core Operating Companies	52
Consolidating Schedule of Activities - Core Operating Companies	54
Consolidating Schedule of Changes in Net Assets - Core Operating Companies	55
Consolidating Schedule of Cash Flows - Core Operating Companies	56
Consolidating Schedule of Financial Position - POAH LLC	58
Consolidating Schedule of Activities - POAH LLC	60
Consolidating Schedule of Changes in Net Assets - POAH LLC	61
Consolidating Schedule of Cash Flows - POAH LLC	62
Schedule of Expenditures of Federal Awards	64
Notes to Schedule of Expenditures of Federal Awards	65
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	68
Schedule of Findings and Questioned Costs	71

## Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Preservation of Affordable Housing, Inc. and Subsidiaries as of December 31, 2023, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain Subsidiaries, which statements reflect total assets of \$425,330,792 as of December 31, 2023 and total revenues of \$57,192,399 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Subsidiaries, is based solely on the reports of the other auditors.

### *Basis for Opinion*

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Preservation of Affordable Housing, Inc. and Subsidiaries, and to meet our other ethical responsibilities, in accordance with the 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 audit opinion. The financial statements of certain Subsidiaries of Preservation of Affordable Housing, Inc. were not audited in accordance with *Government Auditing Standards*.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Preservation of Affordable Housing, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

### *Report on Summarized Comparative Information*

We have previously audited Preservation of Affordable Housing, Inc. and Subsidiaries' December 31, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the consolidating schedules and the schedule of expenditures of federal awards are 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 June 28, 2024, on our consideration of Preservation of Affordable Housing, Inc. and Subsidiaries' 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 solely 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 the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' 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 Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Bethesda, Maryland  
June 28, 2024

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statements of Financial Position  
December 31, 2023 and 2022**

Assets

	2023	2022
Current assets		
Cash and cash equivalents	\$ 72,950,183	\$ 83,587,268
Restricted cash	20,327,471	21,823,974
Reserves	4,937,434	4,789,295
Restricted reserves	4,377,624	4,614,524
Short-term investments	13,204,729	22,343,134
Accounts receivable		
Rental - tenants and subsidy	4,576,565	5,317,328
Grants receivable	116,150	372,546
Properties, net of allowance for doubtful accounts	474,108	285,922
Other	3,073,618	3,102,724
Escrow deposits	160,040,155	121,975,420
Tenant security deposits	4,950,357	4,606,786
Due from affiliates	30,905	251,426
Prepaid expenses	3,106,255	2,132,000
Predevelopment costs reimbursable, current	13,994,586	27,086,516
Total current assets	306,160,140	302,288,863
Other assets		
Notes receivable, net of discount and allowance	20,065,750	28,472,750
Investment in partnerships	2,616,307	2,310,213
Predevelopment costs reimbursable, net of current	9,491,710	4,126,934
Other assets	6,635,971	7,943,780
Total other assets	38,809,738	42,853,677
Fixed assets		
Land and buildings	1,646,250,681	1,608,694,136
Rehabilitation in progress	250,420,342	41,114,957
Furniture, equipment and leasehold improvements	34,466,046	30,941,348
Right-of-use assets	26,938,496	25,017,712
Less: Accumulated depreciation	(364,995,589)	(320,792,889)
Total fixed assets	1,593,079,976	1,384,975,264
Total assets	\$ 1,938,049,854	\$ 1,730,117,804

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statements of Financial Position  
December 31, 2023 and 2022**

Liabilities and Net Assets

	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 8,881,264	\$ 7,533,748
Accrued expenses	16,157,591	16,402,019
Accounts payable - development	43,332,384	38,450,572
Accrued interest	3,735,773	3,964,012
Mortgages payable - properties, current	45,445,899	31,245,425
Construction loans - properties, current	4,735,363	117,678,434
Loan payable, current	6,750,000	10,133,500
Line of credit, current	1,524,329	1,584,329
Tenant security deposits	4,631,284	4,218,465
Prepaid revenue	2,416,526	2,332,462
Due to affiliates	193,585	33,129
Total current liabilities	137,803,998	233,576,095
Long-term liabilities		
Loans and notes payable, net of current	9,698,365	21,677,539
Line of credit, net of current	1,306,663	1,327,853
Accrued interest payable - notes payable	1,305,549	1,257,532
Bonds payable	74,127,255	74,029,377
Notes payable and accrued interest - properties	431,012,865	360,608,801
Mortgages payable - properties, net of current	702,016,318	615,353,494
Construction loans - properties, net of current	128,067,148	96,378,179
Interest rate swap	100,370	100,370
Other long-term liabilities	11,806,379	12,577,030
Deferred income	53,129,244	32,630,446
Total long-term liabilities	1,412,570,156	1,215,940,621
Total liabilities	1,550,374,154	1,449,516,716
Commitments and contingencies	-	-
Net assets		
Net assets without donor restrictions controlling	30,721,172	35,896,949
Net assets without donor restrictions noncontrolling	351,313,263	239,990,123
Total net assets without donor restrictions	382,034,435	275,887,072
Net assets with donor restrictions	5,641,265	4,714,016
Total net assets	387,675,700	280,601,088
Total liabilities and net assets	\$ 1,938,049,854	\$ 1,730,117,804

See Notes to Consolidated Financial Statements.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statements of Activities**  
**Year ended December 31, 2023 (with summarized comparative totals for 2022)**

	Without donor restrictions	With donor restrictions	Total 2023	Total 2022
Support and revenue				
Rental income	\$ 193,050,875	\$ -	\$ 193,050,875	\$ 177,118,033
Grant income	3,012,254	1,146,200	4,158,454	1,682,262
Grant income, capital investments	2,314,791	582,646	2,897,437	3,249,663
Contribution income	74,399	-	74,399	3,800
Developer fee revenue	4,632,235	-	4,632,235	2,102,997
State tax credit proceeds	10,409,310	-	10,409,310	-
Property management and related fees	673,425	-	673,425	833,329
Reimbursable salaries and expenses	1,219,425	-	1,219,425	991,522
Gain on receipt of mortgage note	3,323,000	-	3,323,000	-
Gain on debt forgiveness	1,259,689	-	1,259,689	574,311
Interest income	6,691,199	-	6,691,199	1,917,115
Loss on investment in partnership	(107,681)	-	(107,681)	(97,262)
Investment income	159,429	-	159,429	186,287
Other income	5,029,955	119,260	5,149,215	7,117,355
	<u>231,742,305</u>	<u>1,848,106</u>	<u>233,590,411</u>	<u>195,679,412</u>
Net assets released from restrictions	920,857	(920,857)	-	-
Total support and revenue	<u>232,663,162</u>	<u>927,249</u>	<u>233,590,411</u>	<u>195,679,412</u>
Expenses				
Personnel	23,417,581	-	23,417,581	20,627,503
Development expense	4,859,896	-	4,859,896	1,508,396
Professional services	1,800,979	-	1,800,979	2,113,805
Contributions and grants made	371,014	-	371,014	76,583
Rental and utilities	1,594,791	-	1,594,791	1,468,427
Taxes and insurance	773,130	-	773,130	697,639
Travel and lodging	943,139	-	943,139	754,729
Interest expense	4,693,965	-	4,693,965	4,346,251
Reimbursable salaries and expenses	1,219,425	-	1,219,425	991,522
Property operations	134,376,460	-	134,376,460	119,619,591
Property mortgage interest	48,742,545	-	48,742,545	46,427,860
Office and administration	1,996,313	-	1,996,313	1,570,351
Depreciation and amortization	43,597,904	-	43,597,904	37,146,247
Community impact	3,742,734	-	3,742,734	3,274,389
Bad debt expense	354,440	-	354,440	569,847
Miscellaneous	95,149	-	95,149	63,982
Total expenses	<u>272,579,465</u>	<u>-</u>	<u>272,579,465</u>	<u>241,257,122</u>
Excess of (expenses over revenue) revenue over expenses	<u>(39,916,303)</u>	<u>927,249</u>	<u>(38,989,054)</u>	<u>(45,577,710)</u>
Excess of expenses over revenue attributable to noncontrolling interests	<u>(35,753,101)</u>	<u>-</u>	<u>(35,753,101)</u>	<u>(23,610,414)</u>
Excess of (expenses over revenue) revenue over expenses attributable to the Company	<u>\$ (4,163,202)</u>	<u>\$ 927,249</u>	<u>\$ (3,235,953)</u>	<u>\$ (21,967,296)</u>

See Notes to Consolidated Financial Statements.



Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses  
Year ended December 31, 2023 (with summarized comparative totals for 2022)

	2023			2022	
	Real estate ownership	Management and general	Fundraising	Total	Total
Personnel	\$ 21,648,463	\$ 1,680,359	\$ 88,759	\$ 23,417,581	\$ 20,627,503
Development expense	4,859,896	-	-	4,859,896	1,508,396
Professional services	1,800,979	-	-	1,800,979	2,113,805
Contributions and grants made	371,014	-	-	371,014	76,583
Rental and utilities	1,474,310	114,436	6,045	1,594,791	1,468,427
Taxes and insurance	714,723	55,477	2,930	773,130	697,639
Travel and lodging	875,463	67,676	-	943,139	754,729
Interest expense	4,693,965	-	-	4,693,965	4,346,251
Reimbursable salaries and expenses	1,219,425	-	-	1,219,425	991,522
Property operations	134,376,460	-	-	134,376,460	119,619,591
Property mortgage interest	48,742,545	-	-	48,742,545	46,427,860
Office and administration	1,845,498	143,248	7,567	1,996,313	1,570,351
Depreciation and amortization	43,597,904	-	-	43,597,904	37,146,247
Community impact	3,698,259	-	44,475	3,742,734	3,274,389
Bad debt expense	354,440	-	-	354,440	569,847
Miscellaneous	87,960	6,828	361	95,149	63,982
	<u>\$ 270,361,304</u>	<u>\$ 2,068,024</u>	<u>\$ 150,137</u>	<u>\$ 272,579,465</u>	<u>\$ 241,257,122</u>

See Notes to Consolidated Financial Statements.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statements of Changes in Net Assets  
Years ended December 31, 2023 and 2022**

	Net assets without donor restrictions			Net assets with donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2022	\$ 43,448,233	\$ 224,891,705	\$ 268,339,938	\$ 6,894,685	\$ 275,234,623
Adjustment for changes in accounting principle	(50,741)	(910,620)	(961,361)	-	(961,361)
Transfer of limited partnership interest to controlling	12,286,084	(12,286,084)	-	-	-
Capital contributions from noncontrolling interests	-	53,082,134	53,082,134	-	53,082,134
Distributions to noncontrolling interests	-	(958,298)	(958,298)	-	(958,298)
Noncontrolling interests' syndication costs	-	(218,300)	(218,300)	-	(218,300)
Excess of expenses over revenue attributable to noncontrolling interests	-	(23,610,414)	(23,610,414)	-	(23,610,414)
Excess of expenses over revenue attributable to the Company	<u>(19,786,627)</u>	<u>-</u>	<u>(19,786,627)</u>	<u>(2,180,669)</u>	<u>(21,967,296)</u>
Ending balance, December 31, 2022	35,896,949	239,990,123	275,887,072	4,714,016	280,601,088
Transfer of limited partnership interest to noncontrolling	(1,012,575)	1,012,575	-	-	-
Capital contributions from noncontrolling interests	-	146,503,531	146,503,531	-	146,503,531
Distributions to noncontrolling interests	-	(369,865)	(369,865)	-	(369,865)
Noncontrolling interests' syndication costs	-	(70,000)	(70,000)	-	(70,000)
Excess of expenses over revenue attributable to noncontrolling interests	-	(35,753,101)	(35,753,101)	-	(35,753,101)
Excess of expenses over revenue attributable to the Company	<u>(4,163,202)</u>	<u>-</u>	<u>(4,163,202)</u>	<u>927,249</u>	<u>(3,235,953)</u>
Ending balance, December 31, 2023	<u>\$ 30,721,172</u>	<u>\$ 351,313,263</u>	<u>\$ 382,034,435</u>	<u>\$ 5,641,265</u>	<u>\$ 387,675,700</u>

See Notes to Consolidated Financial Statements.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Excess of expenses over revenue	\$ (39,082,298)	\$ (45,577,710)
Adjustments to reconcile excess of expenses over revenue to net cash provided by (used in) operating activities		
Loss on investment in partnership	107,681	97,262
Investment loss	(3,669,320)	684,976
Depreciation and amortization	43,597,904	37,146,247
Amortization of debt issuance costs	1,989,493	1,736,773
Change in fair market value of interest rate swaps	(923,022)	(3,984,136)
Gain on receipt of mortgage note receivable	(3,323,000)	-
Forgiveness of debt	(1,259,689)	(574,311)
Bad debt expense	611,436	1,747,360
Changes in		
Accounts receivable	308,013	(2,831,451)
Prepaid expenses and other assets	(103,855)	622,207
Predevelopment costs reimbursable	4,707,082	(15,362,566)
Accounts payable and accrued expenses	1,312,940	1,441,280
Prepaid and deferred revenues	20,172,401	17,614,161
Tenant security deposits	412,770	238,670
Due to affiliates, net	(1,727,806)	(3,877,021)
	<u>23,130,730</u>	<u>(10,878,259)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Escrow deposits and restricted reserves, net	(38,064,735)	(7,488,169)
Proceeds from sale (purchase) of short term investments	9,138,405	(22,343,134)
Advances on notes receivable and accrued interest	(134,809,094)	(21,007,597)
Repayments of notes receivable and accrued interest	25,821,908	23,800,875
Acquisition of assets	(491,583)	(1,060,482)
Cash paid for fixed assets	(235,279,426)	(167,373,192)
	<u>(373,684,525)</u>	<u>(195,471,699)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from line of credit	650,000	-
Payments on line of credit	(710,000)	(1,752,393)
Proceeds from notes and mortgages payable	336,894,388	233,791,824
Payment on notes and mortgages payable	(139,510,628)	(103,931,258)
Proceeds from issuance of bonds payable	-	75,000,000
Debt issuance costs paid	(2,649,687)	(4,996,014)
Syndication costs and tax credit fees paid	(283,188)	(1,395,168)
Distributions paid to noncontrolling partners	(33,917)	(221,409)
Distributions to members	(335,948)	(736,889)
Noncontrolling partners' capital contributions received	146,503,531	53,082,534
	<u>340,524,551</u>	<u>248,841,227</u>
Net cash provided by financing activities		

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2023 and 2022**

	2023	2022
Net (decrease) increase in cash, cash equivalents, and restricted cash	\$ (11,878,778)	\$ 42,491,269
Cash, cash equivalents, and restricted cash, beginning of year	119,421,847	76,930,578
Cash, cash equivalents, and restricted cash, end of year	\$ 107,543,069	\$ 119,421,847
Supplemental disclosure of cash flow activities		
Cash paid for interest	\$ 47,679,767	\$ 41,008,733
Schedule of noncash investing activities		
Fixed asset costs incurred	\$ 273,185,616	\$ 195,926,077
Fixed assets transferred in connection with common control transaction	(35,771,307)	(24,069,370)
Accounts payable - development, beginning of year	38,381,422	33,897,907
Accounts payable - development, end of year	(42,873,157)	(38,381,422)
Cash paid for fixed assets	\$ 232,922,574	\$ 167,373,192
Deferred liability included in residual receipts escrow	\$ 652,922	\$ 906,948
Additions to leased assets obtained from new lease liabilities	\$ 2,802,259	\$ 19,959,228

See Notes to Consolidated Financial Statements.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Note 1 - Organization

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

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

At December 31, 2023, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 181 entities that own, in the aggregate 13,806 units of affordable housing. POAH LLC is the managing member of POAH/Trinity Loan Holding Company, LLC ("PTLHC") and the sole member of POAH Woodlawn Station Master Tenant, LLC ("PWSMT"). At December 31, 2022, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 166 entities that own, in the aggregate 13,130 units of affordable housing.

#### Note 2 - Summary of significant accounting policies

##### Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Company and its core operating subsidiaries, POAH LLC, POAHC LLC, PTLHC and PWSMT. The statements include those 96 entities in which the Company has a 100% ownership interest ("Wholly Owned"). Additionally, in accordance with ASC-810-20, "Control of Partnership and Similar Entities", as described below, the statements include the assets, liabilities, net assets and financial activities of 77 entities in which POAH or affiliates serve as General Partner or Managing Member.

The accompanying 2023 and 2022 consolidated financial statements include the assets, liabilities, equity and financial activities of those limited partnerships and limited liability companies where the Company generally owns a .01 - 1% general partner or managing member interest and represent all properties in which POAH or affiliates act as general partner or managing member and in which third party investors have substantial economic interests ("LP"). All significant inter-company balances and transactions between the Company and the entities have been eliminated in consolidation. Net assets without donor restricted noncontrolling on the accompanying consolidated financial statements reflects the proportional share of equity and operations that is not attributable to the Company's interest in these entities. The limited partnerships and limited liability companies are detailed in note 16.

##### Net asset classification

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

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

Net Assets with donor restrictions – net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor imposed

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

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

#### Cash and cash equivalents

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

#### Depreciation

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

#### Debt issuance costs

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

#### Tax credit and in-place leases

Tax credit compliance monitoring fees are costs related to obtaining low-income housing tax credits, which are being amortized over the mandatory 15-year compliance period. In-place leases are amortized over one year. Unamortized tax credit fees and in-place leases are included in other assets on the consolidated statement of financial position. Amortization expense for the years ended December 31, 2023 and 2022 totaled \$365,747 and \$296,156, respectively. As of December 31, 2023 and 2022, accumulated amortization totaled \$3,375,036 and \$3,009,265, respectively.

Estimated amortization expense for each of the ensuing five years through December 31, 2028 is as follows:

<u>Years</u>	<u>Wholly Owned</u>	<u>LP</u>	<u>Total</u>
2024	\$ 13,792	\$ 361,893	\$ 375,685
2025	13,792	358,742	372,534
2026	11,976	311,910	323,886
2027	-	302,071	302,071
2028	-	269,417	269,417

#### Accounts receivable

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

#### Grants receivable

Grants receivable represents grants committed but not yet received or costs incurred on cost reimbursable grants that will be billed after December 31, 2023. As of December 31, 2023, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### **Predevelopment costs reimbursable**

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

#### **Notes receivable**

Notes receivable are carried at unpaid principal balances net of discount and allowance of doubtful accounts. Interest accrues in accordance with the agreements. Payments on these loans are normally due annually based on available net cash flow. The Company has no policies requiring collateral or other security.

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

#### **Noncontrolling interests**

Noncontrolling interest in POAH LLC represents the proportional share of equity and operations of PTLHC that is not attributable to POAH LLC's interest in the entity. At December 31, 2023 and 2022, the noncontrolling member's interest totals (\$678,248) and (\$321,845), respectively. Noncontrolling interest in the project limited partnerships and limited liability companies represents various investor limited partners' and members' proportionate share of equity in the project limited partnerships and limited liability companies. At December 31, 2023 and 2022, the noncontrolling partners'/members' interest in the project limited partnerships and limited liability companies were approximately 99.99% and total \$365,040,369 and \$253,360,826, respectively. Income is allocated to noncontrolling interest based on the noncontrolling partners'/members' ownership. At both December 31, 2023 and 2022, eliminations related to the noncontrolling interests total \$13,048,858.

#### **Investment in partnerships**

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

#### **Tax status**

The Company is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3) and did not have any unrelated business income for the years ended December 31, 2023 and 2022. No provision or benefit for income taxes has been included in these consolidated financial statements for POAH LLC, POAHC LLC, PTLHC LLC, PWSMT, and the entities controlled by POAH or an affiliate since the limited liability companies are either disregarded entities of POAH and thus POAH is treated for tax purposes as having earned all of the income and incurred all of the losses directly of those limited liability companies, or the limited liabilities companies are treated as partnerships and thus all of their net taxable profit or loss is passed through to the partners, including POAH. The Company is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2020 remain open.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2023 and 2022**

#### **Use of estimates**

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

#### **Functional expenses**

The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statement of functional expenses. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are tracked using direct identification methodology of charging specific expenses as either program, management and general, or fundraising. The financial statement reports certain categories of expense that are attributable to one or more programs or supporting functions. Those expenses have been allocated based on estimates of time and effort.

#### **Accounting for the impairment of long-lived assets**

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

#### **Revenue recognition**

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

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

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

Contribution revenue is recognized when an unconditional promise to give a financial asset is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

#### **Derivatives**

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.



## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Effective January 1, 2010, this guidance was codified into ASC-815-10 "Derivatives and Hedging." The Company uses derivatives to manage risks related to interest rate movements. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value.

#### **Fair value measurement**

The Company determines the fair values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with generally accepted accounting principles for *Fair Value Measurements* ASC 820 which requires disclosures about the inputs to fair value measurements, including their classification with a hierarchy that priorities the inputs to fair value measurements.

#### **Summarized comparative information**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

#### **Leases**

The Company recognizes a lease asset and a lease liability at the lease commencement date. The lease asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate ranging from 2.64% to 7.50%, and the risk-free rate of 2.016%. The Company determines the incremental borrowing rate using borrowing rates for collateralized financings of similar types of assets.

Total lease costs on an undiscounted basis are recognized as rent expense over the term of the lease on a straight-line basis. Annual rent expense comprises amortization of the lease asset plus interest on the lease liability adjusted for any variations in lease payment amounts.

#### **Reclassifications**

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

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2023 and 2022**

**Note 3 - Liquidity and availability**

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

	<u>Consolidated</u>	<u>Core Operating Companies</u>
Cash, cash equivalents, and restricted cash	\$ 93,277,654	\$ 45,760,725
Grants and pledges receivable	116,150	116,150
Accounts receivable	8,124,291	8,085,295
Development fee receivable - affiliates	-	15,281,734
Short-term investments	13,204,729	13,204,729
Undrawn lines of credit	<u>13,469,063</u>	<u>13,469,063</u>
Total financial assets	128,191,887	95,917,696
Less amounts not available to be used within one year		
Restricted by donor with time or purpose restrictions	<u>(20,443,621)</u>	<u>(20,443,621)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 107,748,266</u>	<u>\$ 75,474,075</u>

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

**Note 4 - Notes receivable**

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

Other loans have been originated by the Company and were funded by reserves or represent seller financing provided to the affordable housing development. These notes have been recorded simultaneously with a deferred gain (see Note 21).

Management has established an allowance for amounts deemed uncollectible in the amount of \$14,861,894 and \$15,230,421, respectively, as of December 31, 2023 and 2022.



## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

The Company only records accrued interest receivable to the extent that payment is expected from the properties from available surplus cash. Interest of \$39,703,135 and \$35,869,167 for 2023 and 2022, respectively, has not been recorded in these financial statements because no assurance can be made that it will be paid.

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

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

At December 31, 2023 and 2022, notes receivable totaling \$101,872,553 and \$91,301,436, respectively, are assets of the Company, however, they are not reflected as a component of notes receivable on the consolidated statement of financial position because they represent notes receivable related to acquisitions under common control. The Company records cash payments on such notes receivable and interest income as a component of equity. At December 31, 2023 and 2022, interest income in the amount of \$513,940 and \$318,917, respectively, is recorded as a component of equity, and is eliminated in consolidation. At December 31, 2023 and 2022, principal payments in the amount of \$469,850 and \$915,602, respectively, is recorded as a component of equity, and is eliminated in consolidation.

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

	Balance at December 31, 2023	Balance at December 31, 2022
Resale loans, bearing interest from 1.95% to 7%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073.	\$ 100,956,888	\$ 90,161,663
Reserve loans, bearing interest from 3.2% to 5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2055.	915,665	1,139,773
Accrued interest	576,956	234,350
	102,449,509	91,535,786
Common control assets not recorded	(101,872,553)	(91,301,436)
Eliminated in consolidation	(576,956)	(234,350)
	\$ -	\$ -

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Note 5 - Loans and notes payable

##### **Calvert Impact Capital, Inc.**

In December 2015, the Company entered into an \$8,000,000 loan commitment with Calvert Impact Capital, Inc. ("Calvert"), formerly Calvert Social Investment Foundation, for the purpose of furthering its activities as a non-profit organization engaged in community economic development. Interest accrues at the rate of 4.5% per annum. Payments of interest are due quarterly in arrears with the first principal payment with any accrued and unpaid interest due July 31, 2018 and the second principal payment with any accrued and unpaid interest due December 31, 2022. In June 2018, the maturity of the first principal payment was extended to July 31, 2019. In September 2019, the maturity of the first principal payment was extended to November 30, 2019. On November 30, 2019, the first principal amount was repaid in full as part of the POAH LLC credit facility with Calvert. In November 2022, the maturity of the second principal payment was extended to June 30, 2023. In June 2023, the loan was repaid. During the years ended December 31, 2023 and 2022, interest expense of \$89,000 and \$182,500 was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$0 and \$4,000,000, respectively, and accrued interest is \$0.

##### **Silicon Valley Bank**

In June 2018, the Company entered into a \$5,000,000 loan commitment with Silicon Valley Bank, formerly Boston Private Bank & Trust Company. The loan was collateralized by the mortgage note receivable from Kenmore. The loan bore interest at 4.97%, required monthly principal and interest payments on a fifteen-year amortization, had a ten-year term and matured on June 1, 2028. In April 2022, the loan was paid off. During the years ended December 31, 2023 and 2022, interest expense of \$0 and \$83,347, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance was \$0, and accrued interest was \$0.

##### **Arc Chicago, LLC**

In March 2020, the Company entered into a \$5,000,000 loan agreement with Arc Chicago, LLC for the purpose of acquisition and preservation properties in communities in Chicago and surrounding suburbs that have experienced historic disinvestment and/or where residents are at risk of displacement due to gentrification. Interest accrues at 5.00% per annum, commencing on July 1, 2020. Payments of interest are due on the first day of each quarter, and payments of principal are due in three installments on April 1, 2028, April 1, 2029, and April 1, 2030. Interest payments for 2020 have been deferred and will be due at the time of the final principal payment. In July 2021, the loan was increased to \$6,000,000. In April 2022, \$3,000,000 was repaid on the loan. During the years ended December 31, 2023 and 2022, interest expense of \$150,000 and \$198,333, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$3,000,000, and accrued interest is \$110,401.

##### **Community Economic Development Assistance Corporation**

In September 2020, the Company entered into a \$500,000 predevelopment loan agreement with Community Economic Development Assistance Corporation for the purpose of funding predevelopment related costs related to the development of 950 Falmouth Road in Mashpee, MA. Interest accrued at 3% per annum. All unpaid principal and accrued interest were due at the time of the project construction closing. In April 2022, the loan was repaid. During the years ended December 31, 2023 and 2022, interest expense of \$0 and \$4,051, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance was \$0, and accrued interest was \$0.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2023 and 2022**

#### **Greater Cincinnati Foundation**

In December 2020, the Company entered into a \$1,000,000 loan agreement with The Greater Cincinnati Foundation for the purpose of acquiring and preserving 100 or more units of affordable housing in greater Cincinnati. The loan is revolving until December 31, 2027 and interest accrues at 2.50% per annum. Interest payments are due annually in arrears beginning on December 31, 2021. Principal payments are due in consecutive equal annual payments beginning on December 31, 2028 with all unpaid principal and interest due on December 31, 2030. During the years ended December 31, 2023 and 2022, interest expense of \$25,000 was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$1,000,000, and accrued interest is \$1,233 and \$26,233, respectively.

#### **Merchants Bank of Indiana**

In June 2021, the Company entered into a \$5,250,000 loan agreement with Merchants Bank of Indiana for the purpose of funding acquisition and redevelopment of Island Terrace in Chicago, Illinois. The note accrues interest equal to the Floating Interest Rate with a floor of 3.75% (6.09% and 3.75% at March 31, 2023 and December 31, 2022, respectively) and is payable monthly. All unpaid principal and accrued interest are due on the maturity date which is the earlier of (i) July 10, 2024, or (ii) by default. The loan proceeds have been loaned to POAH Island Terrace, LLC. In March 2023, the loan was repaid. During the years ended December 31, 2023 and 2022, interest expense of \$87,872 and \$249,349, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$0 and \$5,250,000, respectively, and accrued interest is \$0 and \$31,194, respectively.

#### **Life Insurance Community Investment Initiative - Briston Arms**

In July 2015, POAH LLC entered into a \$2,407,000 loan agreement with Life Insurance Community Investment Initiative, LLC ("Life initiative") for the purpose of funding development costs for Briston Arms, a property in Cambridge, MA, being developed by POAH LLC. Interest accrues at 7%, compounded annually. Payments of principal and accrued interest are due annually in the amount of 80% of deferred development fee payments received from Briston Arms. All unpaid principal and accrued interest are due on the maturity date of July 6, 2023. The loan proceeds have been loaned to Briston Arms. In June 2023, the loan was repaid. During the years ended December 31, 2023 and 2022, interest expense of \$43,943 and \$84,613, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$0 and \$1,192,196, respectively, and accrued interest is \$0 and \$84,613, respectively.

#### **Cambridge Affordable Housing Trust - Briston Arms**

In July 2015, POAH LLC entered into a \$2,400,000 loan agreement with Cambridge Affordable Housing Trust for the purpose of funding development costs for Briston Arms, a property in Cambridge, MA, being developed by POAH LLC. Interest accrues at 4%. Payments of principal and accrued interest are due annually in an amount equal to the EV Income Payments as defined in the agreement. After full repayment of the Life Initiatives note, all unpaid principal and accrued interest is due on the maturity date of June 30, 2035. The loan proceeds have been loaned to Briston Arms. During the years ended December 31, 2023 and 2022, interest expense of \$96,000 was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$2,400,000 and accrued interest is \$815,733 and \$719,733, respectively.

#### **Life Insurance Community Investment Initiative - revolving line of credit**

In June 2019, POAH LLC entered into a \$1,000,000 revolving line of credit with Life Initiative for the purpose of funding predevelopment costs for properties in Massachusetts. Interest accrued at 5.5% and was due quarterly. Payments of principal were due at the closing of the acquisition of the properties. All unpaid principal and accrued interest were due on the maturity date of May 29, 2024.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Disbursements that were repaid can be reborrowed, assuming loan criteria are met. The line was collateralized by the mortgage note receivable from Eastgate. In April 2020, the line of credit was increased to \$2,000,000. In February 2023, the line was repaid and closed. During the years ended December 31, 2023 and 2022, interest expense of \$9,047 and \$108,560, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$0 and \$1,973,809, respectively, and accrued interest is \$0 and \$27,140, respectively.

#### **Ohio Housing Finance Agency**

In May 2018, various notes payable were assigned to POAH LLC as part of a portfolio acquisition. The six notes, totaling \$2,157,996 with the Ohio Housing Finance Agency (“OHFA”) were funded from Housing Development Assistance Program (“HDAP”) funds for the purpose of funding development costs for various properties in Cincinnati, OH. Interest accrues at 2% per annum. Payments of principal and accrued interest are due annually in an amount equal to payments of 50% of the cash flow, as defined in the agreement, from the respective properties. The maturity dates range from October 2024 to December 2042. During the years ended December 31, 2023 and 2022, interest expense of \$36,630 and \$36,631, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal is \$1,831,544 and accrued interest is \$489,816 and \$453,186, respectively.

#### **Calvert Impact Capital, Inc.**

In December 2019, POAH LLC entered into a \$15,000,000 syndicated revolving credit facility with Calvert for the purpose of funding its development and acquisition activities. Interest accrues at the rate of the Five-Year Constant Maturity US Treasury Rate plus 2.5%. The interest rate is reset annually with any change limited to 0.25% (4.13% and 3.88% at December 31, 2023 and 2022, respectively). Payments of interest are due quarterly in arrears with all unpaid principal with any accrued and unpaid interest due on the maturity date of December 31, 2024. During the years ended December 31, 2023 and 2022, interest expense of \$266,756 and \$230,149, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$6,750,000, and accrued interest is \$68,148 and \$0, respectively.

In June 2020, POAH LLC entered into a \$4,000,000 loan agreement with Calvert for the purpose of bridging the syndicated revolving credit facility. Interest accrued at the rate of 4%. Payments of interest were due quarterly in arrears with all unpaid principal with any accrued and unpaid interest due on the maturity date of June 11, 2021. In June 2021, the maturity date was extended to December 11, 2021 and in November 2021, the maturity date was extended to March 11, 2022. In March 2022, the maturity date was extended to June 11, 2022. On May 31, 2022, the loan was paid off. During the years ended December 31, 2023 and 2022, interest expense of \$0 and \$67,111 was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance was \$0, and accrued interest was \$0.

#### **The Prudential Insurance Company of America**

In July 2020, POAH LLC entered into a \$5,000,000 loan agreement with The Prudential Insurance Company of America. POAH LLC used the proceeds of the Loan to make a loan to POAH Support Corporation 2, an entity related to POAH INC, who would then use those proceeds as qualified equity investments into various community development entities that would then use the investments to fund a qualified low income community investment to POAH DD Sugar Hill, LLC, which operated a property in Detroit, MI. Interest accrued at 4.25% per annum. Payments of interest only were due monthly commencing on August 1, 2020 to July 9, 2022. Thereafter payments of principal and interest were due monthly on a twenty-year amortization. Any outstanding balances would be made on the maturity date of January 9, 2028. In July 2022, the loan was paid off. For the years ended December 31, 2023

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

and 2022, interest expense of \$0 and \$122,187, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance was \$0, and accrued interest was \$0.

#### **Community Ventures 2011, LLC**

In April 2021, POAH LLC entered into a \$200,000 loan agreement with Community Ventures 2011, LLC for the purpose of funding predevelopment costs at Levy House in Chicago, IL. The loan bears no interest and matures on the earliest to occur of (i) the date of closing and initial disbursement of the first mortgage loan for the Project, (ii) March 31, 2023, or (iii) by default. In January 2023, the loan was extended to September 30, 2023. In September 2023, the loan was paid off. At December 31, 2023 and 2022, the outstanding principal is \$0 and \$200,000, respectively.

#### **Local Initiatives Support Corporation - revolving line of credit**

In October 2021, POAH LLC entered into a \$7,750,000 revolving line of credit with Local Initiatives Support Corporation for the purpose of funding predevelopment costs and acquisition for properties across LISC and POAH's shared geography ("Project"). Interest accrues at 4.75% per annum and is due monthly. Any outstanding principal disbursed for underlying Projects will be due at the earlier of (i) that project's construction financing closing; (ii) 36 months from the date of the first disbursement for that Project. All outstanding principal and interest is due on the maturity date of November 1, 2026. The line is collateralized by the mortgage note receivable from Blackstone. During the years ended December 31, 2023 and 2022, interest expense of \$57,963 and \$91,641, respectively, was recorded on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal balance is \$815,500 and \$1,720,595, respectively, and accrued interest is \$0.

#### **Boston Housing Authority**

In February 2022, POAH LLC entered into a \$1,862,400 loan with Boston Housing Authority for the purpose of funding predevelopment costs for Whittier Phase Three. The loan bears no interest and matures on the earlier to occur of (i) the construction financial closing for the Project Phase Three or (ii) December 31, 2023. In February 2023, the loan was repaid. At December 31, 2023 and 2022, the outstanding principal balance was \$0 and \$1,862,400, respectively.

#### **Chicago Community Loan Fund**

In December 2017, PWSMT entered into a \$350,000 loan agreement with Chicago Community Loan Fund for the purpose of funding retail development costs at Woodlawn Station, a property in Chicago, IL, being developed by POAH LLC. Interest accrues at 5% per annum. Payments of interest only are due monthly. All unpaid principal and accrued interest are due on the maturity date of December 1, 2025. In September 2019, the loan was increased to \$700,000. During the years ended December 31, 2023 and 2022, interest expense of \$35,191 and \$34,999, respectively, was included in interest expense on the consolidated statements of activities. At December 31, 2023 and 2022, the outstanding principal is \$692,314, and accrued interest is \$2,981 and \$2,885, respectively.

#### **Debt issuance costs**

As of December 31, 2023, unamortized debt issuance costs related to these loans total \$40,993 consist of financing costs of \$119,044 less accumulated amortization of \$78,051. As of December 31, 2022, unamortized debt issuance costs related to these loans total \$61,819 consist of financing costs of \$188,210 less accumulated amortization of \$126,391. For the years ended December 31, 2023 and 2022, \$20,828 and \$53,400, respectively, of amortization was incurred and is included in interest expense on the consolidated statements of activities.



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2023 and 2022**

**Loan balances**

The balances as included in the accompanying consolidated statement of financial position as of December 31, 2023 and 2022 are summarized as follows:

Lender			Total Balance at		Total Balance at	
	Current Portion	Long-term Portion	December 31, 2023	Current Portion	Long-term Portion	December 31, 2022
Calvert	\$ -	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000
Arc Chicago	-	3,000,000	3,000,000	-	3,000,000	3,000,000
Greater Cincinnati	-	1,000,000	1,000,000	-	1,000,000	1,000,000
Merchants Bank of Indiana	-	-	-	-	5,250,000	5,250,000
Life Initiative - LLC	-	-	-	1,192,196	-	1,192,196
CAHT - LLC	-	2,400,000	2,400,000	-	2,400,000	2,400,000
Life Initiative - LLC	-	-	-	1,973,809	-	1,973,809
OHFA - LLC	-	1,831,544	1,831,544	-	1,831,544	1,831,544
Calvert - LLC	6,750,000	-	6,750,000	-	6,750,000	6,750,000
Community Ventures 2011 - LLC	-	-	-	200,000	-	200,000
LISC - LLC	-	815,500	815,500	905,095	815,500	1,720,595
Boston Housing Authority - LLC	-	-	-	1,862,400	-	1,862,400
CCLF - PWSMT	-	692,314	692,314	-	692,314	692,314
Unamortized debt issuance costs	-	(40,993)	(40,993)	-	(61,819)	(61,819)
	<u>\$ 6,750,000</u>	<u>\$ 9,698,365</u>	<u>\$ 16,448,365</u>	<u>\$ 10,133,500</u>	<u>\$ 21,677,539</u>	<u>\$ 31,811,039</u>

Annual maturities of debt, including voluntary prepayments, for the ensuing five years as of December 31, 2023 are as follows:

	INC	LLC	Total
2024	\$ -	\$ 6,750,000	\$ 6,750,000
2025	-	1,507,814	1,507,814
2026	-	-	-
2027	-	-	-
2028	1,000,000	-	1,000,000
Thereafter	3,000,000	4,231,544	7,231,544

**Note 6 - Lines of credit**

**Citizens Bank**

In July 2023, the Company entered into a \$650,000 bridge loan agreement with Citizens Bank, N.A. for the purpose of financing construction of the Meridian Point at Goulds Station in Miami, FL. Interest is determined based on the Secured Overnight Financing Rate with and a potential adjustment of 0.10% with the floor of 1% (5.38% at December 31, 2023) and is payable monthly. The outstanding principal balance is due in full with any accrued and unpaid interest on the Maturity date of April 05, 2024. In May 2024, the line was repaid and closed. During the year ended December 31, 2023, interest expense of \$17,008 was recorded on the consolidated statement of activities. At December 31, 2023, \$650,000 is outstanding on the line and accrued interest is \$4,438.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Silicon Valley Bank

In January 2013, POAH LLC entered an agreement for a revolving demand line of credit note with Silicon Valley Bank (“SVB”), formerly Boston Private Bank & Trust Company. Subsequently, in March 2023 SVB was acquired by First Citizens Bank and Trust Company and continues operating as Silicon Valley Bank, a division of First Citizens Bank (“SVB/FCB”). In April 2019, the line was increased to \$6,000,000, the maturity date was extended to March 29, 2022, and Eastern Bank was added as a participant in the line. The note accrues interest equal to the Prime Rate minus 25 basis points (8.25% and 7.25% at December 31, 2023 and 2022, respectively) and is payable monthly. The line is collateralized by the mortgage note receivable from Franklin. In April 2020, the line was temporarily increased to \$7,000,000 with the increase terminating on October 29, 2021.

In November 2020, the line was replaced with an organizational standby revolving line of credit (“OSRLOC”) facility loan which added a \$2,000,000 facility for the purpose of providing standby letter of credits to support the Company’s development activities. Each letter of credit shall have a term of no greater than five years. In October 2021, the line was permanently increased to \$7,000,000 and the maturity date was extended to October 29, 2024. In June 2023, the standby letter of credit facility was increased to \$4,000,000, the maturity date of the OSRLOC was extended to June 2026, and the mortgage note receivable from Kenmore was provided as additional collateral. During the years ended December 31, 2023 and 2022, interest expense of \$235,620 and \$181,779, respectively, was recorded on the consolidated statements of activities. At December 31, 2023, \$2,215,437 is outstanding on the line, \$2,250,000 is outstanding on the letter of credit facility, and accrued interest is \$20,783. At December 31, 2022, \$2,925,437 is outstanding on the line, \$250,000 is outstanding on the letter of credit facility, and accrued interest is \$15,029.

As of December 31, 2023 and 2022, the outstanding principal on the line of credit less unamortized debt issuance costs was \$2,830,992 and \$2,912,182, respectively. As of December 31, 2023 and 2022, unamortized debt issuance cost of \$34,445 and \$13,255, respectively. During the years ended December 31, 2023 and 2022, amortization expense incurred was \$18,810 and \$14,597, respectively.

Annual maturities of debt, including voluntary prepayments, for the ensuing two years as of December 31, 2023 are as follows:

2024	\$	1,524,329
2025		1,341,108

#### Note 7 - Mortgages payable - properties

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

The entities in which the Company owns a general partner or managing member interest have outstanding mortgage loans and notes payable. Generally, the loans are secured by security interests and liens common to mortgage loans on the entities’ real property and other assets and are nonrecourse to the Company. Such loans bear interest at rates ranging from approximately 0% to 8% per annum. The majority of the first mortgage loans require monthly payments of principal and interest, while some of the subordinate loans are only payable from available cash flow and/or deferred to maturity. The mortgages mature in years from 2027 to 2059. Forgiveness of certain loans was received in accordance with respective extinguishment of debt agreements. For the years ended

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

December 31, 2023 and 2022, gain on debt forgiveness of \$1,259,689 and \$574,311, respectively, was recorded on the consolidated statement of activities. For those mortgages payable to POAH or an affiliate, the effect of the loan has been eliminated in the consolidation for each year.

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

	Balance at December 31, 2023	Balance at December 31, 2022
Permanent conventional loans, bearing compounded interest from 1.00% to 7.40%, generally with principal and interest due monthly, to be repaid in full on various maturity dates through 2049.	\$ 216,968,210	\$ 232,638,413
Federal, state and local agency loans, bearing interest from 0% to 7.75%, generally with principal and interest due monthly or payable from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2053.	110,635,155	110,754,294
Other loans, bearing interest from 0% to 12%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2059.	74,532,388	82,379,153
Accrued interest	33,385,908	26,084,557
Wholly owned entities	435,521,661	451,856,417
Entities controlled by POAH or affiliates	1,157,168,258	990,126,218
Unamortized debt issuance costs	(18,592,211)	(18,698,473)
	1,574,097,708	1,423,284,162
Mortgages and notes eliminated in consolidation	(262,820,115)	(202,019,829)
	\$ 1,311,277,593	\$ 1,221,264,333

During the years ended December 31, 2023 and 2022, amortization expense incurred on debt issuance costs was \$1,851,978 and \$1,601,572, respectively, and was included in property mortgage interest in the consolidated statements of activities. A summary of the mortgages payable and related deferred financing costs is as follows:

	Wholly Owned	LP	Total Balance at December 31, 2023	Wholly Owned	LP	Total Balance at December 31, 2022
Mortgages payable less						
unamortized debt issuance costs	\$ 231,037,983	\$ 528,154,234	\$ 759,192,217	\$ 248,193,792	\$ 398,405,127	\$ 646,598,919
Debt issuance costs	\$ 6,801,319	\$ 21,813,984	\$ 28,615,303	\$ 7,284,870	\$ 20,505,226	\$ 27,790,096
Less: accumulated amortization	(3,409,360)	(6,613,732)	(10,023,092)	(3,293,138)	(5,798,485)	(9,091,623)
Unamortized debt issuance costs	\$ 3,391,959	\$ 15,200,252	\$ 18,592,211	\$ 3,991,732	\$ 14,706,741	\$ 18,698,473

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

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

<u>Years</u>	<u>Wholly Owned</u>	<u>LP</u>	<u>Total</u>
2024	\$ 34,776,356	\$ 15,404,906	\$ 50,181,262
2025	4,387,987	7,902,782	12,290,769
2026	10,360,910	9,132,519	19,493,429
2027	5,766,710	10,159,944	15,926,654
2028	3,679,964	10,959,889	14,639,853

To minimize the effect of changes in interest on a mortgage note, POAH Support Corporation (“PSC”), entered into interest rate swap agreements with BMO Harris Bank under which PSC pays interest at a fixed rate of 1.31% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent a liability in the amount of \$100,370 as of December 31, 2023 and 2022, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

To minimize the effect of changes in interest on a mortgage note, Woodlawn Station Preservation Associates Limited Partnership (“WSPALP”), entered into interest rate swap agreements with the Bank of Montreal under which WSPALP pays interest at a fixed rate of 5.53% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent an asset of \$95,040 and \$150,515, respectively, as of December 31, 2023 and 2022, included in other assets, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

To minimize the effect of changes in interest on a mortgage note, Hawthorne Place II Preservation Associates Limited Partnership (“HPIIPALP”), entered into two interest rate swap agreements with the Boston Private Bank & Trust under which HPIIPALP pays interest at a fixed rate of 4.35% and 4.385% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent an asset of \$1,127,240 and \$1,994,787, respectively, as of December 31, 2023 and 2022, included in other assets, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

#### **Note 8 - Acquisitions of rental property**

Acquisition of real property is accounted for as asset acquisitions and recorded at proportional fair value at the time of purchase as determined by an appraisal. During the years ended December 31, 2023 and 2022, the Company recorded the acquisition of real property totaling \$15,873,759 and \$500,000, respectively.

#### **Note 9 - Revenue**

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

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Development fee

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

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

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

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

#### Management service revenue

POAHC provides property management services on a contractual basis for owners of and investors in affordable housing properties. These services include management, marketing, building engineering, accounting, compliance, and financial services. POAHC is compensated for its services through a monthly management fee earned based on either a specified percentage of the monthly rental income, rental receipts generated from the property under management or a fixed fee. POAHC is also often reimbursed for its administrative and payroll costs directly attributable to the properties under management. Property management services represent a series of distinct daily services rendered over time. Consistent with the transfer of control for distinct, daily services to the customer, revenue is recognized at the end of each period for the fees associated with the services performed.

#### State tax credit proceeds

POAH INC receives State Low Income Housing Tax Credits, State Historic Tax Credits and Brownsfield Tax Credits generated from limited partnership properties. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time upon delivery of the respective credit certification. During the years ended December 31, 2023 and 2022, revenue of \$10,409,310 and \$0, respectively, were earned.

#### Other fee revenue from properties

The Company earns other fees from related affordable housing properties in accordance with property partnership agreements. These fees are only payable from property surplus cash or refinancing proceeds. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time which is such time as there is available surplus cash or refinancing proceeds.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Note 10 - Bonds payable

The Company received an issuer credit rating from Standard & Poor's of A+ with a stable outlook with the intention to issue bonds to further its mission. In April 2022, the Company issued Series 2022 taxable bonds (Sustainability Bonds) in the amount of \$75,000,000. The bonds constitute unsecured general obligations of the Company. The proceeds of the bonds are to be used to (i) refinance certain existing debt obligations (ii) finance additional mission aligned affordable housing projects, and (iii) pay costs of issuance of the Bonds. The bonds bear interest at 4.479% and interest payments are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022. The bonds are subject to optional redemption by the Company in whole or in part, with principal due in full on December 1, 2032. During the year ended December 31, 2023 and 2022, interest expense of \$3,359,250 and \$2,332,813 was recorded on the consolidated statement of activities. As of December 31, 2023 and 2022, the balance of the bonds payable is \$75,000,000, and accrued interest is \$270,606.

As of December 31, 2023 and 2022, the balance of the Bonds payable less unamortized debt issuance costs was \$74,127,255 and \$74,029,377, respectively. As of December 31, 2023, unamortized debt issuance costs related to the bonds total \$872,745 consist of issuance costs of \$1,044,031 less accumulated amortization of \$171,286. As of December 31, 2022, unamortized debt issuance costs related to the bonds total \$970,623 consist of issuance costs of \$1,044,031 less accumulated amortization of \$73,408. For the year ended December 31, 2023 and 2022, \$97,878 and \$73,408, respectively, of amortization was incurred and is included in interest expense on the consolidated statement of activities.

#### Note 11 - Related party transactions

##### Notes and other receivables from affiliates

For the years ended December 31, 2023 and 2022, the Company's notes receivable and accounts receivable are amounts receivable from limited partnerships in which the Company is a general partner. The effect of these transactions has been eliminated in consolidation each year.

##### Administrative salaries and costs

The Company provides various services related to the administration of POAH LLC. For the years ended December 31, 2023 and 2022, POAH LLC incurred \$13,340,128 and \$11,346,402, respectively, for compensation, overhead and rent from the Company.

##### Property management and related fees

Property management and related fees were earned by POAHC from related properties in 2023 in the amount of \$12,123,915, of which \$11,512,208 has been eliminated in consolidation, and in 2022 in the amount of \$10,841,971, of which \$10,201,975 has been eliminated in consolidation. At December 31, 2023 and 2022, \$6,025,152 and \$3,341,920, respectively, is due from related parties for services and advances net of an allowance for doubtful accounts which is estimated to be \$2,695,729 and \$3,042,241, respectively.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Development fee and other revenue from properties

For the years ended December 31, 2023 and 2022, the Company and POAH LLC earned development fee revenue and fees from properties as follows:

	2023	2022
Development fee paid from development sources	\$ 12,785,232	\$ 9,225,124
Development fee paid from cash flow	2,863,591	1,430,385
Other fee revenue	718,471	728,143
Proceeds from property refinancing	-	12,688,444
	<u>16,367,294</u>	<u>24,072,096</u>
Cash flow fees from certain related properties	788,169	5,322,884
	<u>17,155,463</u>	<u>29,394,980</u>
Development and cash flow fees eliminated in consolidation	<u>(12,523,228)</u>	<u>(27,291,983)</u>
	<u>\$ 4,632,235</u>	<u>\$ 2,102,997</u>

At December 31, 2023 and 2022, \$17,853,876 and \$18,657,987, respectively, is due from related properties for development and cash flow fees. The effect of these transactions has been eliminated in consolidation each year. At December 31, 2023 and 2022, development fees received but not yet earned are \$946,948 and \$555,000, respectively, and is shown as a component of deferred income on the consolidated statements of financial position.

#### Operating Deficit funding

POAH LLC funds operating deficits on behalf of related properties. In 2023, POAH LLC funded \$5,376,885, of which \$4,606,182 has been eliminated in consolidation, and in 2022, \$3,384,661, of which \$2,982,676 has been eliminated in consolidation. At December 31, 2023 and 2022, POAH LLC owes properties \$328,554 and \$0, respectively.

#### Reimbursable salaries and expenses

POAHC incurs costs related to payroll, technical support and other reimbursable expenses on behalf of the properties that it manages. In 2023, the costs incurred and the related reimbursement from related properties totaled \$30,572,046, of which \$29,529,975 has been eliminated in consolidation, and in 2022, the costs incurred and the related reimbursement from related properties totaled \$27,376,358, of which \$26,686,218 has been eliminated in consolidation. The effect of these transactions has been eliminated in consolidation each year.

#### Ground and master tenant leases

For the years ended December 31, 2023 and 2022, certain entities that the Company is a general partner or sole member in have ground lease or master lease agreements with limited partnerships in which the Company is a general partner or other entities the Company owns/controls. The leases provide the LPs with the right to use the land upon which the project is located or master lease residential buildings or commercial space and are classified as operating leases. Base rent shall be due per the respective agreements. The effect of these transactions have been eliminated in consolidation each year.

#### Note 12 - Investment in partnerships

The Company, either as the sole member of the entity or the 100% owner of the general partner, has made capital contributions to some of the entities that own affordable housing developments. At December 31, 2023 and 2022, investment in properties is \$28,784,774 and \$24,118,821,

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

respectively, of which \$27,258,358 and \$22,912,470, respectively, has been eliminated in consolidation.

In May 2018, the Company purchased a non-controlling general partner interest in seven properties located in Cincinnati, OH. In July 2022, the Company made an investment of a non-controlling interest in a property located in Chicago, IL. The investments are recorded using the equity method. The balance of this investment at December 31, 2023 and 2022 is \$1,526,416 and \$1,206,351, respectively. The investment balances of these properties are included in the investment in properties balances noted above.

In May 2018, the Company purchased the managing member general partner interest in Losantiville Apartments Limited Partnership ("LALP"). LALP is the limited partner in Elm St. Senior Housing, Ltd, an unrelated entity. The investment is recorded using the equity method. The balance of this investment at December 31, 2023 and 2022 is \$1,089,891 and \$1,103,862, respectively.

Certain financial information with respect to these investments at December 31, 2023 and 2022, and the years then ended, are as follows:

	2023	2022
Net investment in real estate	\$ 42,289,271	\$ 45,008,644
Total assets	45,715,560	48,508,683
Permanent financing (including accrued interest)	25,413,454	25,283,927
Total liabilities	29,602,316	28,230,995
Limited partner's equity	13,593,390	17,753,409
General partners' equity	2,519,854	2,524,279
Revenue	4,084,423	3,784,330
Expenses	8,617,830	7,983,168
Net loss	(4,533,407)	(4,198,838)

#### Note 13 - Investments

During 2022, the Company invested Sustainability Bonds proceeds in a laddered bond portfolio until funds are deployed for mission driven investments. At December 31, 2023 and 2022, the Company had marketable debt securities that were recorded at fair value. These securities consisted of the following:

	2023	2022
Treasury bills	\$ 13,204,729	\$ 4,961,695
Treasury notes	-	2,515,486
Government agency bonds	-	7,442,968
Corporate bonds	-	7,422,985
Total investments	\$ 13,204,729	\$ 22,343,134



## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

The return on investments at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Interest and dividends	\$ 874,357	\$ 301,580
Realized gain (loss)	-	-
Unrealized gain (loss)	129,705	105,069
Total return on investment	<u>\$ 1,004,062</u>	<u>\$ 406,649</u>

#### Note 14 - Fair value measurements

The Financial Accounting Standards Board's ("FASB") guidance on fair value measurements requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. FASB's guidance established a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

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

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

The fair value hierarchy under the guidance is as follows:

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

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

The fair value of the Company's investments that are reported in the accompanying consolidated statements of financial position at December 31, 2023 and 2022 were as follows:

	2023 Level 2	2022 Level 2
Treasury bills	\$ 13,204,729	\$ 4,961,695
Treasury notes	-	2,515,486
Government agency bonds	-	7,442,968
Corporate bonds	-	7,422,985
Total investments	\$ 13,204,729	\$ 22,343,134

#### Note 15 - Leases

##### Office leases

In December 2019, the Company entered into a new non-cancelable operating lease in Boston, MA that commenced in August 2020 and expires in October 2030. The lease liability at December 31, 2023 and 2022 of \$6,502,136 and \$7,262,645, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. Rental expense, inclusive of operating costs, for the years ended December 31, 2023 and 2022 totaled \$1,029,032 and \$1,007,238, respectively. As of December 31, 2023 and 2022, the right-of-use asset totals \$6,129,047 and \$6,912,016, respectively.

In February 2023, the Company entered into a new non-cancelable operating lease in Washington, DC which expires in January 2025. The lease liability at December 31, 2023 of \$23,118 is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 7.50%. Rental expense, inclusive of operating costs, for the year ended December 31, 2023 totaled \$21,929. As of December 31, 2023, the right-of-use asset totals \$23,118.

POAH LLC leases office space under a non-cancelable operating lease in Chicago, Illinois. In September 2017, a lease extension was executed that commenced in May 2018 and expires in April 2025. The lease liability at December 31, 2023 and 2022 of \$235,179 and \$398,876, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. Rental expense, inclusive of operating costs, for the years ended December 31, 2023 and 2022 totaled \$208,978 and \$190,111, respectively. As of December 31, 2023 and 2022, the right-of-use asset totals \$220,626 and \$380,186, respectively.

POAH LLC leases office space under a non-cancelable operating lease in Washington, DC which expires in July 2022. In April 2022, the option to extend the lease was exercised with a commencement date in August 2022 and expires in December 2026. The lease liability at December 31, 2023 and 2022 of \$230,538 and \$303,863, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 5.25%. Rental expense, inclusive of operating costs, for the years ended December 31, 2023 and 2022 totaled \$84,122 and \$81,656, respectively. As of December 31, 2023 and 2022, the right-of-use asset totals \$232,347 and \$302,086, respectively.

POAHC leases office space under a non-cancelable operating lease in Kansas City, Missouri, which expires in March 2025. The lease liability at December 31, 2023 and 2022 of \$204,800 and \$358,835, respectively, is the present value of remaining scheduled lease payments discounted using the

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2023 and 2022**

incremental borrowing rate of 3%. Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2023 and 2022 totaled \$129,623. As of December 31, 2023 and 2022, the right-of-use asset totals \$179,501 and \$300,456, respectively.

The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liability on December 31, 2023, which are recorded on a present value basis and included in other long-term liabilities on the consolidated statement of financial position, are as follows:

	<u>POAH INC</u>	<u>POAH LLC</u>	<u>POAHC</u>	<u>Total</u>
December 31, 2024	\$ 1,011,339	\$ 259,300	\$ 167,003	\$ 1,437,642
2025	1,006,738	150,121	41,230	1,198,089
2026	1,025,995	88,352	-	1,114,347
2027	1,045,323	-	-	1,045,323
2028	1,064,651	-	-	1,064,651
Thereafter	2,093,867	-	-	2,093,867
	<u>7,247,913</u>	<u>497,773</u>	<u>208,233</u>	<u>7,953,919</u>
Less discount	<u>(722,659)</u>	<u>(32,056)</u>	<u>(3,433)</u>	<u>(758,148)</u>
Total	<u>\$ 6,525,254</u>	<u>\$ 465,717</u>	<u>\$ 204,800</u>	<u>\$ 7,195,771</u>

**Ground and master tenant leases**

Various properties have entered into ground leases or master tenant lease agreements, some of which are with affiliated entities. Leases expire ranging from 2028-2097. The lease liabilities at December 31, 2023, of \$23,897,125, of which \$19,802,472 is eliminated in consolidation, is the present value of remaining scheduled lease payments per the respective lease agreements discounted using the incremental borrowing rate ranging from 2.64% to 8.25% and the risk-free rate of 2.016%. The lease liabilities at December 31, 2022, of \$22,627,807, of which \$18,374,999 is eliminated in consolidation, is the present value of remaining scheduled lease payments per the respective lease agreements discounted using the incremental borrowing rate ranging from 2.64% to 3.36% and the risk-free rate of 2.016%. Rental expense, inclusive of any applicable real estate taxes and operating costs, for the year ended December 31, 2023 totaled \$763,695, of which \$682,129 is eliminated in consolidation, and in 2022, \$721,088, of which \$566,332 is eliminated in consolidation. As of December 31, 2023 and 2022, the right-of-use assets total \$37,346,652, of which \$17,192,795 was eliminated in consolidation and \$33,719,215, of which \$16,596,247 was eliminated in consolidation, respectively.

The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liability on December 31, 2023, which are recorded on a present value basis and included in other long-term liabilities on the consolidated statement of financial position, are as follows:

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

	Wholly Owned	LP	WSMT	Total
December 31, 2024	\$ 559,251	\$ 258,668	\$ 106,945	\$ 924,864
2025	562,242	262,227	109,084	933,553
2026	565,351	265,664	111,266	942,281
2027	568,588	269,203	113,491	951,282
2028	515,107	272,695	115,761	903,563
Thereafter	5,963,063	36,197,327	1,233,426	43,393,816
	<u>8,733,602</u>	<u>37,525,784</u>	<u>1,789,973</u>	<u>48,049,359</u>
Less discount	<u>(1,753,359)</u>	<u>(22,147,731)</u>	<u>(251,144)</u>	<u>(24,152,234)</u>
	6,980,243	15,378,053	1,538,829	23,897,125
Eliminated in consolidation	<u>(6,980,243)</u>	<u>(11,283,385)</u>	<u>(1,538,829)</u>	<u>(19,802,457)</u>
Total	<u>\$ -</u>	<u>\$ 4,094,668</u>	<u>\$ -</u>	<u>\$ 4,094,668</u>

#### Note 16 - Commitments and contingencies

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

A summary of the guarantees outstanding at December 31, 2023 is as follows. See Note 20 for a detail of these entities.

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2023
Jefferson - 8330 On The River	(1)	N/A	N/A	December 2026	\$970,894	\$1,006,319
Driftwood - Water's Edge Apartment	(1), (3)	N/A	N/A	None	420,705	None
United Front - Temple Landing	(1), (3)	N/A	N/A	(7)	1,050,000	108,000
WCS - The Jackson at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	310,000	None
Sugar River	(1), (3)	N/A	N/A	(7)	815,000	None
Renaissance	(1), (3)	N/A	N/A	(7)	886,000	N/A
WCN - The Grant at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	162,500	35,000
Clay Pond Cove	(1), (3)	N/A	N/A	(7)	393,543	None
Central Annex	(3), (9)	N/A	N/A	N/A	N/A	N/A
Torrington	(1), (3)	N/A	N/A	(7)	413,050	None
Old Middletown	(1), (3)	N/A	N/A	(7)	700,068	None
WP Senior - The Burnham at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	288,634	None
Dennis - Melpet Farm Residences	(1), (3)	N/A	N/A	(7)	161,956	None
Lafayette	(1), (3)	N/A	N/A	(7)	548,000	720,202
Briston Arms	(1), (3)	N/A	N/A	(7)	4,475,000	467,631
Newberry	(1), (3)	N/A	N/A	(7)	524,914	None
Billings Forge	(1), (3), (8)	N/A	N/A	(7)	620,000	10,000
Cherry Briggs	(1), (3)	N/A	N/A	(7)	569,290	None
Trianon	(3), (5), (9)	N/A	\$5,500,000	N/A	N/A	650,212
Brandy Hill	(1), (3)	N/A	N/A	N/A	630,000	None

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2023
Founders Court	(1), (3)	N/A	N/A	N/A	300,055	None
Trinity Towers East	(1), (3)	N/A	N/A	N/A	660,404	None
Trinity Towers South	(1), (3)	N/A	N/A	N/A	881,300	None
Tribune	(1), (3)	N/A	N/A	N/A	441,155	None
Woodlawn Roll Up - The Washington at Woodlawn Park	(1), (3)	N/A	N/A	N/A	1,232,956	895,917
Woodlawn Station	(1), (3), (5)	N/A	5,000,000	(7)	369,000	None
Oxford	(1), (3)	N/A	N/A	(7)	685,000	None
Whittier 1A-4	(1), (3)	N/A	N/A	(7)	532,000	None
Whittier 1A-9	(1), (3)	N/A	N/A	(7)	335,000	None
Bedford	(1), (3)	N/A	N/A	(7)	755,140	None
Greenwood	(1), (3)	N/A	N/A	(7)	928,300	None
JBL	(1), (3)	(2)	N/A	(7)	400,000	302,888
Abigail Apartments	(1), (3)	N/A	N/A	(7)	247,500	489,646
Abington Race & Pleasant	(1), (3)	N/A	N/A	(7)	286,030	441,910
Burnet Place	(1), (3)	N/A	N/A	(7)	410,000	70,670
Losantiville Buildings	(1), (3)	N/A	N/A	(7)	379,922	202,070
Losantiville Evanston	(1), (3)	N/A	N/A	(7)	379,922	None
Magnolia Heights	(1)	N/A	N/A	(7)	328,584	944,796
North Rhine Heights	(1), (3)	N/A	N/A	(7)	264,352	411,446
OTR Revitalization	(1), (3)	N/A	N/A	(7)	858,068	None
Villas of the Valley	(1), (3)	N/A	N/A	(7)	109,352	27,863
Villas of the Valley II	(1), (3)	N/A	N/A	(7)	101,632	74,503
WH Mainstrasse	(1), (3)	N/A	N/A	(7)	156,531	None
Helton Pointe	(1)	N/A	N/A	(7)	65,000	None
Corcoran	(5)	N/A	4,500,000	N/A	N/A	N/A
Whittier 2	(1), (3)	N/A	N/A	(7)	686,781	None
Sugar Hill	(4), (5)	(2)	10,247,249	N/A	N/A	N/A
Gardner Terrace	(4), (5)	(2)	5,650,000	N/A	N/A	N/A
South Chicago Salud	(1), (3)	N/A	N/A	(7)	804,220	N/A
Mattapan 4	(1), (3)	N/A	N/A	(7)	1,028,587	None
Mattapan 9	(1), (3)	N/A	N/A	(7)	189,589	None
Farrell House	(1), (3)	(2)	N/A	(7)	612,000	None
Beachwinds II	(1), (3), (4)	(2)	N/A	(7)	781,500	None
Hawthorne Place II	(1), (3), (4), (5)	(2)	2,000,000	(7)	3,050,000	None
Levy House	(5)	N/A	9,250,000	N/A	N/A	N/A
Brewster Woods	(1), (3)	N/A	N/A	(7)	212,500	None
Salem Heights II	(1), (3), (4), (5)	(2)	N/A	(7)	2,860,000	None
Bartlett Lot D - The Kenzi	(4), (5)	28,207,333	17,087,559	N/A	N/A	N/A
19 E 110th Place - Emil Jones	(1), (3)	N/A	N/A	(7)	405,040	None
5040 S Indiana - Fred C Matthews	(1), (3)	N/A	N/A	(7)	373,360	None
Terrapin Ridge	(1), (3)	N/A	N/A	(7)	224,121	None
Wing Schoolhouse	(1), (3)	N/A	N/A	December 2037	240,000	None
South Suburban	(1), (3)	N/A	N/A	(7)	1,296,000	None
Elgin Manor I	(1), (3), (4), (5)	(2)	12,750,000	(7)	1,032,000	None
Barry Farm 1B	(1), (3), (4), (5)	(2)	7,712,447	(7)	786,000	None
Deerfield II	(1), (3), (4), (5)	12,948,489	2,765,560	(7)	245,234	None
LeClair	(5)	(2)	7,270,810	N/A	950,000	None
Whittier 3-4	(5)	128,013,792	10,093,427	N/A	N/A	N/A
Whittier 3-9	(5)	37,611,883	2,659,734	N/A	N/A	N/A

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2023
Clarendon	(5)	115,874,614	16,806,878	N/A	N/A	N/A
Cutler Manor II	(1), (3), (4), (5)	52,737,230	14,105,884	(7)	974,631	None
C40	(1), (3), (4), (5)	58,649,983	919,134	(7)	231,000	None
Gardner Terrace I	(1), (3), (4), (5)	56,199,599	12,798,027	(7)	785,000	None
Cape View Way	(1), (3), (4), (5)	25,524,036	1,194,340	(7)	389,208	None
Island Terrace 4	(1), (3), (4), (5)	89,596,305	13,721,600	(7)	1,940,000	None
Island Terrace 9	(1), (3), (4), (5)	27,574,684	6,069,654	(7)	600,000	None
11 properties	(3)	N/A	N/A	N/A	N/A	50,387

#### Types of guarantees

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

#### Other

- (7) Two to five years from construction completion and/or breakeven.
- (8) Annual commercial income guarantee
- (9) Basic rent guarantee per Net Lease

### Note 17 - Financial instruments

The Company and its subsidiaries maintain its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes it is not exposed to any significant credit risk on its cash, cash equivalents and other deposits at December 31, 2023 and 2022.

### Note 18 - Rent subsidies

For most of the properties, tenants' rents are being subsidized by various federal and state programs. Generally, these programs restrict assistance to those residents who qualify by meeting certain established criteria, including maximum income limitations. A majority of the properties have entered into contracts with HUD to provide the federal subsidies. These contracts expire in years 2024 to 2051. Rent subsidies totaled \$131,829,427 and \$122,571,028 for 2023 and 2022, respectively.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Note 19 - Net assets with donor restrictions

The Company received the following grants which are included in net assets with donor restrictions at December 31, 2023 and 2022 for either time restrictions or restrictions related to specific program services:

	Balance at December 31, 2023	Balance at December 31, 2022
Home ownership assistance	\$ 654,989	\$ 143,389
Community resource center	273,800	270,641
Installation of artwork	15,000	15,000
Children savings accounts	67,555	67,555
Family Self Sufficiency	349,029	341,527
Community arts festival	9,945	9,945
Capital Magnet Fund	3,015,000	3,075,000
Rental assistance	4,326	4,326
Trauma-informed care	161,000	51,479
Digital inclusion	-	52,329
Capital grants	1,090,621	682,825
	\$ 5,641,265	\$ 4,714,016

#### Note 20 - Limited partnerships and limited liability companies

As of December 31, 2023, the Company owns a general partner or managing member interest in the following entities:

Entity	Project Location	No. of Units
1) Barry Farm Building 1B LLC	Washington, DC	108
2) Driftwood Preservation Associates Limited Partnership	Narragansett, RI	32
3) Beachwoods II Preservation Associates Limited Partnership	Narragansett, RI	104
4) Fieldstone Preservation Associates Limited Partnership	Narragansett, RI	24
5) Heritage Preservation Associates Limited Partnership	North Kingstown, RI	204
6) Grace Preservation Associates Limited Partnership	Providence, RI	101
7) Cherry Briggs Preservation Associates Limited Partnership	Johnston & Providence, RI	160
8) Oxford Preservation Associates Limited Partnership	Providence, RI	128
9) POAHDD Sugar Hill LLC	Detroit, MI	68
10) Gardner Terrace I Preservation Associates Limited Partnership	Attleboro, MA	92
11) United Front Nine Preservation Associates Limited Partnership	New Bedford, MA	173
12) Cromwell Preservation Associates Limited Partnership	Hyanis, MA	124
13) CB Rental Limited Partnership	Bourne, MA	28
14) Cape View Way LLC	Bourne, MA	42
15) Blackstone Preservation Associates Limited Partnership	Boston, MA	145
16) Franklin Preservation Associates Limited Partnership	Boston, MA	193
17) Kenmore Abbey Preservation Associates Limited Partnership	Boston, MA	199
18) Bartlett Lot D Preservation Associates Limited Partnership	Boston, MA	50
19) Peter's Grove Preservation Associates Limited Partnership	Hudson, MA	96
20) Rock Harbor Preservation Associates Limited Partnership	Orleans, MA	100
21) Clay Pond Preservation Associates Limited Partnership	Bourne, MA	45
22) Kings Landing Preservation Associates Limited Partnership	Brewster, MA	108

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Entity	Project Location	No. of Units
23) Brewster Woods Preservation Associates Limited Partnership	Brewster, MA	30
24) Central Annex Preservation Associates Limited Partnership	Pittsfield, MA	101
25) Dennis Community Housing Preservation Associates Limited Partnership	Dennis, MA	27
26) Briston Arms Preservation Associates Limited Partnership	Cambridge, MA	154
27) Founders Court Preservation Associates Limited Partnership	Hyannis, MA	32
28) Brandy Hill Preservation Associates Limited Partnership	E. Wareham, MA	132
29) Tribune Preservation Associates Limited Partnership	Framingham, MA	53
30) Canal Bluffs P3 Preservation Associates Limited Partnership	Bourne, MA	44
31) Whittier 1A-4 Preservation Associates Limited Partnership	Boston, MA	58
32) Whittier 1A-9 Preservation Associates Limited Partnership	Boston, MA	34
33) Whittier 2 Preservation Associates Limited Partnership	Boston, MA	52
34) Mattapan Station 4 LLC	Boston, MA	114
35) Mattapan Station 9 LLC	Boston, MA	21
36) Bedford Village Preservation Associates Limited Partnership	Bedford, MA	110
37) LeClair Village Preservation Associates Limited Partnership	Mashpee, MA	39
38) Salem Heights II Preservation Associates Limited Partnership	Salem, MA	281
39) Terrapin Ridge LLC	Sandwich, MA	30
40) POAH Clarendon LLC	Somerville, MA	168
41) Whittier 3-4 Preservation Associates Limited Partnership	Roxbury, MA	119
42) Whittier 3-9 Preservation Associates Limited Partnership	Roxbury, MA	53
43) Deerfield Village II Preservation Associates Limited Partnership	Carthage, MO	60
44) Hawthorne Place II Preservation Associates Limited Partnership	Independence, MO	745
45) 19 E 110th Place Preservation Associates Limited Partnership	Chicago, IL	60
46) 5040 S Indiana Preservation Associates Limited Partnership	Chicago, IL	60
47) C40 Preservation Associates Limited Partnership	Chicago, IL	43
48) WCS Preservation Associates Limited Partnership	Chicago, IL	67
49) Renaissance Preservation Associates Limited Partnership	Chicago, IL	117
50) WCN Preservation Associates Limited Partnership	Chicago, IL	33
51) WP Senior Preservation Associates Limited Partnership	Chicago, IL	65
52) Lafayette Preservation Associates Limited Partnership	Chicago, IL	94
53) Newberry Park Preservation Associates Limited Partnership	Chicago, IL	84
54) Woodlawn Station Preservation Associates Limited Partnership	Chicago, IL	70
55) Woodlawn Roll-up Preservation Associates Limited Partnership	Chicago, IL	196
56) Greenwood Preservation Associates Limited Partnership	Chicago, IL	122
57) JBL Preservation Associates Limited Partnership	Chicago, IL	106
58) Community Housing Partners XI Limited Partnership	Chicago, IL	77
59) Community Housing Partners X Limited Partnership	Chicago, IL	59
60) Community Housing Partners XV Limited Partnership	Chicago, IL	30
61) Farrell House Preservation Associates I Limited Partnership	Chicago, IL	59
62) Island Terrace 4% Preservation Associates Limited Partnership	Chicago, IL	180
63) Island Terrace 9% Preservation Associates Limited Partnership	Chicago, IL	60
64) South Chicago Salud Center Preservation Associates Limited Partnership	Chicago, IL	101
65) 6040 JPT LLC (not consolidated)	Chicago, IL	318
66) South Suburban Preservation Associates Limited Partnership	Harvey, IL	120
67) Wing Schoolhouse Preservation Associates Limited Partnership	Elgin, IL	27
68) Elgin Manor Preservation Associates I Limited Partnership	Elgin, IL	100
69) Cocheco Park Preservation Associates Limited Partnership	Dover, NH	78
70) Sugar River Preservation Associates Limited Partnership	Claremont, NH	162
71) New Horizons Preservation Associates Limited Partnership	Miami, FL	100
72) POAH Cutler Manor II LLC	Miami, FL	113
73) Harbor City Towers LLLP	Melbourne, FL	192
74) Trinity Towers East Preservation Associates LLLP	Melbourne, FL	156
75) New Trinity Towers South Preservation Associates LLLP	Melbourne, FL	162
76) Tarringford West Preservation Associates Limited Partnership	Torrington, CT	79
77) Billings Forge LLC		
78) Billings Forge Preservation Associates Limited Partnership	Hartford, CT	114
79) Old Middletown Preservation Associates Limited Partnership	Middletown, CT	65
80) Abigail Apartments Limited Partnership	Cincinnati, OH	71
81) Abington Race and Pleasant LLC (not consolidated)	Cincinnati, OH	50



## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Entity	Project Location	No. of Units
82) Burnet Place Limited Partnership (not consolidated)	Cincinnati, OH	62
83) Losantiville Apartments Limited Partnership	Cincinnati, OH	87
84) Magnolia Heights Limited Partnership (not consolidated)	Cincinnati, OH	98
85) Navarre Garrone Limited Partnership	Cincinnati, OH	62
86) North Rhine Heights Limited Partnership (not consolidated)	Cincinnati, OH	65
87) OTR Revitalization Limited Partnership (not consolidated)	Cincinnati, OH	94
88) Villas of the Valley Limited Partnership (not consolidated)	Lincoln Heights, OH	42
89) Villas of the Valley II Limited Partnership (not consolidated)	Lincoln Heights, OH	35
90) WH Mainstrasse I LLLP	Convington, KY	41
91) SSAH LLC (100% owned by POAH, Inc)	Weymouth, MA	20
92) Riverview Residences Dover LLC (100% owned by POAH, Inc)	Dover, NH	24
93) POAH Southpoint Crossing LLC (100% owned by POAH, Inc)	Florida, FL	122
94) POAH Aaron Briggs LLC (100% owned by POAH, Inc)		
95) POAH Fieldstone Apartments LLC (100% owned by POAH, Inc)		
96) POAH Old Middletown LLC (100% Owned by POAH, Inc)		
97) POAH Central Annex LLC (100% owned by POAH, Inc)		
98) POAH Brandy Hill LLC (100% owned by POAH, Inc)		
99) POAH Ventures LLC (100% owned by POAH, Inc)		
100) BR Sugar River Limited Partnership (100% owned by POAH, Inc)		
101) POAH Kings Landing LLC (100% owned by POAH, Inc)		
102) POAH Cutler Meadows LLC (100% owned by POAH, Inc)	Miami, FL	225
103) POAH Cutler Manor LLC (100% owned by POAH, Inc)	Miami, FL	219
104) POAH Middletowne Apartments LLC (100% owned by POAH, Inc)	Orange Park, FL	100
105) POAH Campbell Arms LLC (100% owned by POAH, Inc)	Homestead, FL	201
106) POAH Austin Renaissance LLC (100% owned by POAH, Inc)	Chicago, IL	71
107) POAH Cutler Manor II LLC (100% owned by POAH, Inc)		
108) POAH New Horizons LLC (100% owned by POAH, Inc)		
109) POAH Trinity Towers East LLC (100% owned by POAH, Inc)		
110) POAH Trinity Towers West LLC (100% owned by POAH, Inc)		
111) Trinity Towers South Preservation Associates LLLP (100% owned by POAH, Inc)		
112) POAH NSP Chicago LLC (100% owned by POAH, Inc)		
113) POAH Grove Parc Apartments LLC (100% owned by POAH, Inc)		
114) POAH Holdings LLC (100% owned by POAH, Inc)		
115) POAH NMTC2 Title Holding Corporation (100% owned by POAH, Inc)	Chicago, IL	25
116) POAH Support Corporation (100% owned by POAH, Inc)		
117) POAH Support Corporation 2 (100% owned by POAH, Inc)		
118) POAH Greenwood Park LLC (100% owned by POAH, Inc)		
119) POAH JBL LLC (100% owned by POAH, Inc)		
120) Community Housing Partners VI Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	55
121) Community Housing Partners XII Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	26
122) Corcoran Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	94
123) POAH Roseland East 110th Place Hold Limited Partnership (100% owned by POAH, Inc)		
124) POAH Washington Park Indiana Avenue Hold Limited Partnership (100% owned by POAH, Inc)		
125) POAH Levy House LLC (100% owned by POAH, Inc)	Chicago, IL	57
126) POAH Island Terrace LLC (100% owned by POAH, Inc)		
127) Elgin Manor Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
128) Elgin Schoolhouse Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
129) POAH South Chicago Y Hold LLC (100% owned by POAH, Inc)		
130) POAH South Suburban Y Hold LLC (100% owned by POAH, Inc)		
131) POAH Harvey East 151st Street Hold Limited Partnership (100% owned by POAH, Inc)	Harvey, IL	60
132) POAH Harvey West 151st Street Hold Limited Partnership (100% owned by POAH, Inc)	Harvey, IL	60
133) Farrell House Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
134) Crestview Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Kankakee, IL	132
135) POAH Gardner Terrace LLC (100% owned by POAH, Inc)	Attleboro, MA	52
136) POAH Hebronville Mill LLC (100% owned by POAH, Inc)	Attleboro, MA	83
137) POAH Master Tenant (100% owned by POAH, INC)		
138) Mattapan Station Preservation Associates LLC (100% owned by POAH, INC)		
139) Bridle Path Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Randolph, MA	104

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Entity	Project Location	No. of Units
140) Chestnut Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Lynn, MA	65
141) Olympia Square LLC (100% owned by POAH, Inc)	Lynn, MA	44
142) Dom Narodowy Polski Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Chicopee, MA	50
143) Eastgate Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MA	148
144) Meadowbrook Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Northampton, MA	252
145) Salem Heights Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
146) Fairweather Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Beverly, Danvers,	321
147) Washington Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Hagerstown, MD	100
148) Jefferson Maison East Limited Dividend Housing Association LLC (100% owned by POAH, Inc)	Detroit, MI	280
149) Oakland Grand Haven Limited Dividend Housing Association LLC (100% owned by POAH, Inc)	Troy, MI	297
150) Woodlawn Place Associates Limited Partnership (100% owned by POAH, Inc)	Kansas City, MO	60
151) Colony Plaza Associates Limited Partnership (100% owned by POAH, Inc)	Excelsior Springs, MO	111
152) Country Club Village Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	70
153) Glenwood Manor Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	119
154) Highland Meadows Associates Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	44
155) Deerfield Village Associates Limited Partnership (100% owned by POAH, Inc)		
156) Hawthorne Associates Limited Partnership (100% owned by POAH, Inc)		
157) Country Club Village II Associates - I Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	28
158) Highland Acres Associates - I Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	35
159) Houston Plaza Associates - I Limited Partnership (100% owned by POAH, Inc)	Adrian, MO	34
160) Maplewood Manor Associates - I Limited Partnership (100% owned by POAH, Inc)	Web City, MO	60
161) Monroe Estates Associates - I Limited Partnership (100% owned by POAH, Inc)	Lebanon, MO	74
162) Prairie Plains Associates - I Limited Partnership (100% owned by POAH, Inc)	Lamar, MO	50
163) Crestview Village Associates - I Limited Partnership (100% owned by POAH, Inc)	Liberty, MO	48
164) Terri Manor Associates LTD (100% owned by POAH, Inc)	Cincinnati, OH	81
165) Community Manor Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	19
166) Baymiller Manor Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	31
167) Fairview Estates Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	28
168) Kerper Development Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	38
169) Pendleton Estates Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	42
170) Wesley Estates Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	29
171) POAH Washington Park LLC (100% owned by POAH, Inc)	Cincinnati, OH	37
172) Clinton Peabody Phase I LLC (100% owned by POAH, Inc)	St. Louis, MO	
173) Blacklick Apartments LLC (100% owned by POAH, Inc)	Blacklick, OH	176
174) Garfield Hills Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Washington, DC	94
175) Hillside Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Providence, RI	42
176) Pocasset Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Providence, RI	82
177) Hillcrest Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Providence, RI	130
178) Barry Farm Redevelopment Associates Limited Partnership (100% owned by POAH, Inc)		
179) Beachwood Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
180) Southwinds Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
181) POAH Landowner LLC (100% owned by POAH, Inc)		
		13,806

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

The limited partners or investor members generally own between 99 to 99.99% interest in the properties. Capital contributions are due from these partners or members in installments upon each

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

property's satisfaction of specified conditions, as defined, and are subject to adjustment based on the actual low-income tax credits delivered. These contributions are recorded by the entities when received.

#### Note 21 - Deferred gain

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

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

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

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable	
Pocasset Manor Apartments	\$ 4,589,201	\$ 2,340,000	\$ 1,067,857	\$ 1,181,344	(1)
Hillcrest Village Apartments	300,000	300,000	-	-	
Bridle Path Apartments	2,613,236	844,160	-	1,769,076	(2)
Chestnut Garden Apartments	1,727,285	1,727,285	-	-	
Dom Narodowy Polski Apartments	965,490	912,273	-	53,217	(2)
Eastgate Apartments	6,242,014	3,196,804	-	3,045,210	(2)
Heritage Village II Apartments	4,668,132	1,639,308	-	3,028,824	(3)
New Horizons	200,000	200,000	-	-	
Cromwell Court	872,000	872,000	-	-	
Blackstone	16,658,507	12,485,719	-	4,172,788	(4)
Franklin	16,676,301	16,676,301	-	-	
Kenmore Abbey	17,722,502	12,182,798	-	5,539,704	(5)
Peter's Grove	626,994	626,994	-	-	
Rock Harbor	355,416	355,416	-	-	
King's Landing	3,345,829	3,345,829	-	-	
Grace	157,646	-	-	157,646	
Cherry Hill	444,276	-	-	444,276	(6)
Aaron Briggs	114,098	-	-	114,098	(6)
Tribune	175,800	-	-	175,800	
Brandy Hill	1,356,610	-	-	1,356,610	
South Chicago	1,415,213	-	-	1,415,213	
Hawthorne	2,902,256	-	-	-	(7)
Beachwood	939,807	-	-	939,807	(8)
Oxford	403,051	-	-	403,051	
Elgin Schoolhouse	75,000	-	-	75,000	
Greenwood	788,322	-	-	788,322	
Farrell House	788,354	-	-	788,354	
Elgin Manor	450,000	-	-	450,000	
Salem Heights	640,698	-	-	640,698	
South Suburban	794,484	-	-	794,484	
	<u>89,008,522</u>	<u>57,704,887</u>	<u>1,067,857</u>	<u>27,333,522</u>	
Gain recognized from receipt of principal payments in prior years	<u>(13,991,548)</u>	<u>(8,817,311)</u>	<u>-</u>	<u>(5,174,237)</u>	
Deferred gain at December 31, 2022	75,016,974	48,887,576	1,067,857	22,159,285	

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable
Elgin Manor	469,299	-	-	469,299
Wing Schoolhouse	132,705	-	-	132,705
Emil Jones	1,100,715	-	-	1,100,715
Fred Matthews	1,425,327	-	-	1,425,327
C40	656,990	-	-	656,990
Gain recognized from receipt of principal payment in 2023	(4,427,422)	(4,427,422)	-	-
Deferred gain at December 31, 2023	<u>\$ 74,374,588</u>	<u>\$ 44,460,154</u>	<u>\$ 1,067,857</u>	<u>\$ 25,944,321</u>

- (1) Funds loaned to Pocasset, Hillside and Hillcrest
- (2) Funds loaned to Fairweather, Chestnut Gardens and Dom Narodowy
- (3) Funds loaned to Heritage and Fieldstone
- (4) Funds loaned to Franklin and Rock Harbor
- (5) Funds loaned to Franklin and Peter's Grove
- (6) Funds loaned to Cherry Briggs
- (7) Funds will be loaned to Hawthorne II
- (8) Funds loaned to Beachwinds II

The results of the above transactions are eliminated in consolidation.

#### Note 22 - Deferred grant revenue

The Company has received Capital Magnet Fund ("CMF") grant awards from the Community Development Financial Institutions Fund. The grant funds are to be used to acquire and fund eligible projects over a five-year period with program compliance restrictions per the grant agreement. If all program compliance restrictions are met the funds become unrestricted at the end of the grant period. The grants are recorded as deferred income until all conditions of the grant have been satisfied. At December 31, 2023 and 2022, deferred grant revenue is \$36,000,000 and \$24,000,000, respectively, and are included in deferred income on the consolidated statements of financial position.

In 2023, the Company received a COVID-19 Affordable Housing Grant from Illinois Housing Development Authority. The grant funds are providing gap financing for eligible, qualified development costs for Island Terrace 4% Preservation Associates LP. The grant is recorded as deferred income until all conditions of the grant have been satisfied. At December 31, 2023, deferred grant revenue is \$7,677,148 and is included in deferred income on the consolidated statements of financial position.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2023 and 2022

#### Note 23 - Consolidated statements of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position as of December 31, 2023 and 2022 that sum to the total of the same amounts in the consolidated statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 72,950,183	\$ 83,587,268
Restricted cash	20,327,471	21,823,974
Reserves	4,937,434	4,789,295
Restricted reserves	4,377,624	4,614,524
Tenant security deposits	4,950,357	4,606,786
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	<u>\$ 107,543,069</u>	<u>\$ 119,421,847</u>

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

#### Note 24 - Subsequent events

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes to the consolidated financial statements. Management evaluated the activity of the Company through June 28, 2024 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the financial statements.

## **Supplementary Information**

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position  
December 31, 2023**

	<u>Assets</u>					
	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
<b>Current assets</b>						
Cash and cash equivalents	\$ 25,433,254	\$ 14,926,724	\$ 32,590,205	\$ 72,950,183	\$ -	\$ 72,950,183
Restricted cash	20,327,471	-	-	20,327,471	-	20,327,471
Reserves	4,937,434	-	-	4,937,434	-	4,937,434
Restricted reserves	3,301,757	223,987	851,880	4,377,624	-	4,377,624
Short-term investments	13,204,729	-	-	13,204,729	-	13,204,729
Accounts receivable						
Rental - tenants and subsidy	-	1,849,777	2,726,788	4,576,565	-	4,576,565
Grants receivable	116,150	-	-	116,150	-	116,150
Properties, net of allowance for doubtful accounts	7,640,755	-	-	7,640,755	(7,166,647)	474,108
Development fees	15,281,734	-	-	15,281,734	(15,281,734)	-
Other	444,540	1,294,862	1,720,718	3,460,120	(386,502)	3,073,618
Escrow deposits	-	34,769,077	125,271,078	160,040,155	-	160,040,155
Tenant security deposits	28,223	1,955,037	2,967,097	4,950,357	-	4,950,357
Due from affiliates	3,258,468	1,904,907	30,900	5,194,275	(5,163,370)	30,905
Prepaid expenses	788,863	1,066,544	1,250,848	3,106,255	-	3,106,255
Note receivable, current	2,321,240	-	-	2,321,240	(2,321,240)	-
Interest on notes receivable, net of allowance	5,536,349	75,289	-	5,611,638	(5,611,638)	-
Predevelopment costs reimbursable, current	10,237,156	11,413,596	-	21,650,752	(7,656,166)	13,994,586
<b>Total current assets</b>	<b>112,858,123</b>	<b>69,479,800</b>	<b>167,409,514</b>	<b>349,747,437</b>	<b>(43,587,297)</b>	<b>306,160,140</b>
<b>Other assets</b>						
Notes receivable, net of discount, allowance and current	210,553,121	36,241,601	-	246,794,722	(226,728,972)	20,065,750
Investment in partnerships	26,925,198	1,859,576	1,089,891	29,874,665	(27,258,358)	2,616,307
Predevelopment costs reimbursable, net of current	9,491,710	-	-	9,491,710	-	9,491,710
Other assets	433,288	566,986	5,635,697	6,635,971	-	6,635,971
<b>Total other assets</b>	<b>247,403,317</b>	<b>38,668,163</b>	<b>6,725,588</b>	<b>292,797,068</b>	<b>(253,987,330)</b>	<b>38,809,738</b>
<b>Fixed assets</b>						
Land and buildings	938,747	434,692,131	1,491,096,613	1,926,727,491	(280,476,810)	1,646,250,681
Rehabilitation in progress	-	9,148,371	241,271,971	250,420,342	-	250,420,342
Furniture, equipment and leasehold improvements	1,163,783	6,977,507	26,324,756	34,466,046	-	34,466,046
Right-of-use assets	8,235,431	6,741,330	29,154,531	44,131,292	(17,192,796)	26,938,496
Less: Accumulated depreciation	(857,058)	(141,518,225)	(299,280,642)	(441,655,925)	76,660,336	(364,995,589)
<b>Total fixed assets</b>	<b>9,480,903</b>	<b>316,041,114</b>	<b>1,488,567,229</b>	<b>1,814,089,246</b>	<b>(221,009,270)</b>	<b>1,593,079,976</b>
<b>Total assets</b>	<b>\$ 369,742,343</b>	<b>\$ 424,189,077</b>	<b>\$ 1,662,702,331</b>	<b>\$ 2,456,633,751</b>	<b>(518,583,897)</b>	<b>\$ 1,938,049,854</b>

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position  
December 31, 2023**

Liabilities and Net Assets

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 1,548,824	\$ 6,359,739	\$ 8,848,088	\$ 16,756,651	\$ (7,875,387)	\$ 8,881,264
Accrued expenses	3,838,508	5,101,354	7,222,829	16,162,691	(5,100)	16,157,591
Accounts payable - development	459,227	5,095,881	108,640,795	114,195,903	(70,863,519)	43,332,384
Accrued interest	478,591	928,361	2,404,110	3,811,062	(75,289)	3,735,773
Mortgages payable - properties, current	-	34,776,356	10,669,543	45,445,899	-	45,445,899
Construction loans - properties, current	-	-	4,735,363	4,735,363	-	4,735,363
Loan payable, current	6,750,000	-	-	6,750,000	-	6,750,000
Line of credit, current	1,524,329	-	-	1,524,329	-	1,524,329
Tenant security deposits	27,944	1,821,060	2,782,280	4,631,284	-	4,631,284
Prepaid revenue	1,312	861,747	1,553,467	2,416,526	-	2,416,526
Due to affiliates	443,809	10,441,594	7,223,587	18,108,990	(17,915,405)	193,585
Total current liabilities	<u>15,072,544</u>	<u>65,386,092</u>	<u>154,080,062</u>	<u>234,538,698</u>	<u>(96,734,700)</u>	<u>137,803,998</u>
Long-term liabilities						
Loans and notes payable, net of current	9,698,365	-	-	9,698,365	-	9,698,365
Line of credit, net of current	1,306,663	-	-	1,306,663	-	1,306,663
Accrued interest payable - notes payable	1,305,549	-	-	1,305,549	-	1,305,549
Bonds payable	74,127,255	-	-	74,127,255	-	74,127,255
Notes payable and accrued interest - properties	-	201,091,719	481,011,261	682,102,980	(251,090,115)	431,012,865
Mortgages payable - properties, net of current	-	196,261,627	517,484,691	713,746,318	(11,730,000)	702,016,318
Construction loans- properties, net of current	-	-	128,067,148	128,067,148	-	128,067,148
Interest rate swap	-	100,370	-	100,370	-	100,370
Other long-term liabilities	9,064,600	9,226,753	15,831,993	34,123,346	(22,316,967)	11,806,379
Deferred income	119,095,975	40,041,728	7,653,940	166,791,643	(113,662,399)	53,129,244
Total long-term liabilities	<u>214,598,407</u>	<u>446,722,197</u>	<u>1,150,049,033</u>	<u>1,811,369,637</u>	<u>(398,799,481)</u>	<u>1,412,570,156</u>
Total liabilities	<u>229,670,951</u>	<u>512,108,289</u>	<u>1,304,129,095</u>	<u>2,045,908,335</u>	<u>(495,534,181)</u>	<u>1,550,374,154</u>
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Net assets without donor restrictions controlling	135,108,375	(87,919,212)	(6,467,133)	40,722,030	(10,000,858)	30,721,172
Net assets without donor restrictions noncontrolling	(678,248)	-	365,040,369	364,362,121	(13,048,858)	351,313,263
Total net assets without donor restrictions	<u>134,430,127</u>	<u>(87,919,212)</u>	<u>358,573,236</u>	<u>405,084,151</u>	<u>(23,049,716)</u>	<u>382,034,435</u>
Net assets with donor restrictions	5,641,265	-	-	5,641,265	-	5,641,265
Total net assets	<u>140,071,392</u>	<u>(87,919,212)</u>	<u>358,573,236</u>	<u>410,725,416</u>	<u>(23,049,716)</u>	<u>387,675,700</u>
Total liabilities and net assets	<u>\$ 369,742,343</u>	<u>\$ 424,189,077</u>	<u>\$ 1,662,702,331</u>	<u>\$ 2,456,633,751</u>	<u>\$ (518,583,897)</u>	<u>\$ 1,938,049,854</u>

See Independent Auditor's Report.



Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Activities  
Year ended December 31, 2023

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 322,807	\$ 67,380,402	\$ 125,659,621	\$ 193,362,830	\$ (311,955)	\$ 193,050,875
Grant income	1,259,713	2,275,362	623,379	4,158,454	-	4,158,454
Grant income, capital investments	2,897,437	-	-	2,897,437	-	2,897,437
Contribution income	74,399	-	-	74,399	-	74,399
Developer fee revenue	16,367,294	-	-	16,367,294	(11,735,059)	4,632,235
Cash flow from properties	788,169	-	-	788,169	(788,169)	-
State tax credit proceeds	10,409,310	-	-	10,409,310	-	10,409,310
Property management and related fees	12,185,633	-	-	12,185,633	(11,512,208)	673,425
Reimbursable salaries and expenses	30,749,400	-	-	30,749,400	(29,529,975)	1,219,425
Gain on receipt of mortgage note	4,427,422	3,323,000	-	7,750,422	(4,427,422)	3,323,000
Gain on debt forgiveness	-	1,259,689	-	1,259,689	-	1,259,689
Loss on sale	-	118,540	-	118,540	(118,540)	-
Interest income	8,195,154	1,324,143	3,013,591	12,532,888	(5,841,689)	6,691,199
Loss on investment in partnership	-	-	(107,681)	(107,681)	-	(107,681)
Investment income (loss)	3,862,007	85,328	-	3,947,335	(3,787,906)	159,429
Other income	711,354	1,857,589	3,250,796	5,819,739	(670,524)	5,149,215
	92,250,099	77,624,053	132,439,706	302,313,858	(68,723,447)	233,590,411
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	92,250,099	77,624,053	132,439,706	302,313,858	(68,723,447)	233,590,411
Expenses						
Personnel	23,417,581	-	-	23,417,581	-	23,417,581
Development expense	9,536,341	-	-	9,536,341	(4,676,445)	4,859,896
Professional services	1,800,979	-	-	1,800,979	-	1,800,979
Contributions and grants made	371,014	-	-	371,014	-	371,014
Rental and utilities	1,594,791	-	-	1,594,791	-	1,594,791
Taxes and insurance	773,130	-	-	773,130	-	773,130
Travel and lodging	943,139	-	-	943,139	-	943,139
Interest expense	4,693,965	-	-	4,693,965	-	4,693,965
Reimbursable salaries and expenses	30,749,400	-	-	30,749,400	(29,529,975)	1,219,425
Property operations	232,077	58,454,729	89,340,925	148,027,731	(13,651,271)	134,376,460
Property mortgage interest	35,191	16,413,186	38,135,857	54,584,234	(5,841,689)	48,742,545
Office and administration	1,996,313	-	-	1,996,313	-	1,996,313
Depreciation and amortization	159,208	11,531,783	40,753,172	52,444,163	(8,846,259)	43,597,904
Community impact	3,742,734	-	-	3,742,734	-	3,742,734
Bad debt expense	611,436	-	-	611,436	(256,996)	354,440
Miscellaneous	95,149	-	-	95,149	-	95,149
Total expenses	80,752,448	86,399,698	168,229,954	335,382,100	(62,802,635)	272,579,465
Excess of revenue over expenses (expenses over revenue)	11,497,651	(8,775,645)	(35,790,248)	(33,068,242)	(5,920,812)	(38,989,054)
Excess of expenses over revenue attributable to noncontrolling	(20,455)	-	(35,732,646)	(35,753,101)	-	(35,753,101)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	\$ 11,518,106	\$ (8,775,645)	\$ (57,602)	\$ 2,684,859	\$ (5,920,812)	\$ (3,235,953)

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Changes in Net Assets  
Year ended December 31, 2023

	Net assets without donor restrictions									Net assets	Net assets	
	Controlling					Noncontrolling				with donor	restrictions	
	Core Operating Companies	Wholly Owned	LP	Eliminations	Subtotal	Core Operating Companies	LP	Eliminations	Subtotal	Total	Controlling	Total
Beginning balance, January 1, 2023	\$ 123,533,728	\$ (74,189,492)	\$ 3,459,007	\$ (16,906,294)	\$ 35,896,949	\$ (321,845)	\$ 253,360,826	\$ (13,048,858)	\$ 239,990,123	\$ 275,887,072	\$ 4,714,016	\$ 280,601,088
Transfer of limited partnership interest to noncontrolling	-	(1,012,575)	-	-	(1,012,575)	-	1,012,575	-	1,012,575	-	-	-
Capital contributions from noncontrolling interests	-	-	-	-	-	-	146,503,531	-	146,503,531	146,503,531	-	146,503,531
Capital contributions from the Company	-	601,158	37,195	(638,353)	-	-	-	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	-	(335,948)	(33,917)	-	(369,865)	(369,865)	-	(369,865)
Distributions to the Company	-	(5,049,663)	(42,116)	5,091,779	-	-	-	-	-	-	-	-
Noncontrolling interests' syndication costs	-	-	-	-	-	-	(70,000)	-	(70,000)	(70,000)	-	(70,000)
Other changes in equity	983,790	507,005	(9,863,617)	8,372,822	-	-	-	-	-	-	-	-
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	-	-	(20,455)	(35,732,646)	-	(35,753,101)	(35,753,101)	-	(35,753,101)
Excess of revenue (expenses) attributable to the Company	10,590,857	(8,775,645)	(57,602)	(5,920,812)	(4,163,202)	-	-	-	-	(4,163,202)	927,249	(3,235,953)
Ending balance, December 31, 2023	<u>\$ 135,108,375</u>	<u>\$ (87,919,212)</u>	<u>\$ (6,467,133)</u>	<u>\$ (10,000,858)</u>	<u>\$ 30,721,172</u>	<u>\$ (678,248)</u>	<u>\$ 365,040,369</u>	<u>\$ (13,048,858)</u>	<u>\$ 351,313,263</u>	<u>\$ 382,034,435</u>	<u>\$ 5,641,265</u>	<u>\$ 387,675,700</u>

**Presevation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows  
Year ended December 31, 2023**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
<b>Cash flows from operating activities</b>						
Excess of revenue over expenses (expenses over revenue)	\$ 11,497,651	\$ (8,763,778)	\$ (35,895,359)	\$ (33,161,486)	\$ (5,920,812)	\$ (39,082,298)
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by (used in) operating activities						
Loss on investment in partnership	-	-	107,681	107,681	-	107,681
Investment income	(3,669,320)	-	-	(3,669,320)	-	(3,669,320)
Depreciation and amortization	159,208	11,531,783	40,753,172	52,444,163	(8,846,259)	43,597,904
Amortization of debt issuance costs	137,516	512,064	1,339,913	1,989,493	-	1,989,493
Change in fair market value of interest rate swaps	-	-	(923,022)	(923,022)	-	(923,022)
Gain (loss) on sale of properties	-	(118,540)	-	(118,540)	118,540	-
Gain on receipt of mortgage note receivable	-	(3,323,000)	-	(3,323,000)	-	(3,323,000)
Forgiveness of debt	-	(1,259,689)	-	(1,259,689)	-	(1,259,689)
Bad debt expense	611,436	-	-	611,436	-	611,436
Changes in						
Accounts receivable	(438,691)	377,045	(555,108)	(616,754)	924,767	308,013
Predevelopment costs reimbursable	11,212,518	(4,995,400)	-	6,217,118	(1,510,036)	4,707,082
Prepaid expenses and other assets	62,459	369,603	(535,917)	(103,855)	-	(103,855)
Accounts payable and accrued expenses	1,086,652	550,363	1,696,381	3,333,396	(2,020,456)	1,312,940
Prepaid and deferred revenues	20,393,877	7,622,121	732,552	28,748,550	(8,576,149)	20,172,401
Tenant security deposits	-	70,881	341,889	412,770	-	412,770
Due to affiliates, net	(1,523,739)	2,151,676	1,680,250	2,308,187	(4,035,993)	(1,727,806)
<b>Net cash provided by (used in) operating activities</b>	<b>39,529,567</b>	<b>4,725,129</b>	<b>8,742,432</b>	<b>52,997,128</b>	<b>(29,866,398)</b>	<b>23,130,730</b>
<b>Cash flows from investing activities</b>						
Escrow deposits and restricted reserves, net	-	10,609,171	(48,673,906)	(38,064,735)	-	(38,064,735)
Proceeds from sale (purchase) of short term investments	9,138,405	-	-	9,138,405	-	9,138,405
Advances on notes receivable and accrued interest	(72,128,847)	(1,870,289)	-	(73,999,136)	82,406,136	8,407,000
Repayments of notes receivable and accrued interest	25,821,908	-	-	25,821,908	(25,821,908)	-
Purchase of limited partner interest	(76,810)	-	-	(76,810)	76,810	-
Acquisition of assets	(491,583)	-	-	(491,583)	-	(491,583)
Contributions to partnerships	(618,354)	-	-	(618,354)	618,354	-
Distributions from partnerships	190,225	-	-	190,225	(190,225)	-
Cash paid for fixed assets	-	7,660,592	(267,587,177)	(259,926,585)	27,004,011	(232,922,574)
<b>Net cash (used in) provided by investing activities</b>	<b>(38,165,056)</b>	<b>16,399,474</b>	<b>(316,261,083)</b>	<b>(338,026,665)</b>	<b>84,093,178</b>	<b>(253,933,487)</b>
<b>Cash flows from financing activities</b>						
Proceeds from line of credit	650,000	-	-	650,000	-	650,000
Payments on line of credit	(710,000)	-	-	(710,000)	-	(710,000)
Proceeds from notes and mortgages payable	-	20,032,983	316,861,405	336,894,388	-	336,894,388
Payment on notes and mortgages payable	(15,383,500)	(37,525,256)	(147,402,158)	(200,310,914)	(60,800,286)	(261,111,200)
Deferred income	(642,386)	-	-	(642,386)	642,386	-
Debt issuance costs paid	(40,000)	(258,164)	(2,351,523)	(2,649,687)	-	(2,649,687)
Syndication and tax credit costs paid	-	-	(283,188)	(283,188)	-	(283,188)
Acquisition costs and fees paid as a component of general partner equity	-	-	(1,477,694)	(1,477,694)	1,477,694	-
Distributions paid to partners	-	(5,049,663)	(76,033)	(5,125,696)	5,091,779	(33,917)
Distributions to members	(335,948)	-	-	(335,948)	-	(335,948)
Partners capital contributions received	-	601,158	146,540,726	147,141,884	(638,353)	146,503,531
<b>Net cash (used in) provided by financing activities</b>	<b>(16,461,834)</b>	<b>(22,198,942)</b>	<b>311,811,535</b>	<b>273,150,759</b>	<b>(54,226,780)</b>	<b>218,923,979</b>

**Presevation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows  
Year ended December 31, 2023**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (15,097,323)	\$ (1,074,339)	\$ 4,292,884	\$ (11,878,778)	\$ -	\$ (11,878,778)
Cash, cash equivalents, and restricted cash, beginning of year	<u>69,125,462</u>	<u>18,180,087</u>	<u>32,116,298</u>	<u>119,421,847</u>	<u>-</u>	<u>119,421,847</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 54,028,139</u>	<u>\$ 17,105,748</u>	<u>\$ 36,409,182</u>	<u>\$ 107,543,069</u>	<u>\$ -</u>	<u>\$ 107,543,069</u>
Supplemental disclosure of cash flow activities						
Cash paid for interest	<u>\$ 1,107,910</u>	<u>\$ 11,546,433</u>	<u>\$ 35,025,424</u>	<u>\$ 47,679,767</u>	<u>\$ -</u>	<u>\$ 47,679,767</u>
Schedule of noncash investing activities						
Fixed asset costs incurred	\$ -	\$ 28,566,788	\$ 280,309,970	\$ 308,876,758	\$ (35,691,142)	\$ 273,185,616
Fixed assets transferred in connection with common control transaction	-	(35,771,307)	-	(35,771,307)	-	(35,771,307)
Accounts payable - development, beginning of year	-	4,639,808	95,918,002	100,557,810	(62,176,388)	38,381,422
Accounts payable - development, end of year	-	(5,095,881)	(108,640,795)	(113,736,676)	70,863,519	(42,873,157)
Cash paid for fixed assets	<u>\$ -</u>	<u>\$ (7,660,592)</u>	<u>\$ 267,587,177</u>	<u>\$ 259,926,585</u>	<u>\$ (27,004,011)</u>	<u>\$ 232,922,574</u>
Transfer of fixed assets	<u>\$ -</u>	<u>\$ 1,777,050</u>	<u>\$ (1,777,050)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred liability included in residual receipts escrow	<u>\$ -</u>	<u>\$ 104,208</u>	<u>\$ 548,714</u>	<u>\$ 652,922</u>	<u>\$ -</u>	<u>\$ 652,922</u>
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 513,940</u>	<u>\$ -</u>	<u>\$ (513,940)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution of notes receivable	<u>\$ 11,040,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,040,968</u>	<u>\$ -</u>	<u>\$ 11,040,968</u>
Additions to leased assets obtained from new lease liabilities	<u>\$ 23,118</u>	<u>\$ 1,286,423</u>	<u>\$ 2,779,141</u>	<u>\$ 4,088,682</u>	<u>\$ (1,286,423)</u>	<u>\$ 2,802,259</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position - Core Operating Companies  
December 31, 2023**

Assets

	POAH INC	POAH LLC	Subtotal	Elimination	Total
<b>Current assets</b>					
Cash and cash equivalents	\$ 12,674,037	\$ 12,759,217	\$ 25,433,254	\$ -	\$ 25,433,254
Restricted cash	20,327,471	-	20,327,471	-	20,327,471
Reserves	4,937,434	-	4,937,434	-	4,937,434
Restricted reserves	3,301,757	-	3,301,757	-	3,301,757
Short-term investments	13,204,729	-	13,204,729	-	13,204,729
Accounts receivable					
Grants receivable	116,150	-	116,150	-	116,150
Properties, net of allowance for doubtful accounts	231,205	7,409,550	7,640,755	-	7,640,755
Development fees	-	15,281,734	15,281,734	-	15,281,734
Other	367,365	77,175	444,540	-	444,540
Tenant security deposits	-	28,223	28,223	-	28,223
Due from affiliates	4,221,396	4,325,387	8,546,783	(5,288,315)	3,258,468
Prepaid expenses	497,630	291,233	788,863	-	788,863
Note receivable, current	2,321,240	-	2,321,240	-	2,321,240
Interest on notes receivable, net of allowance	455,262	5,081,087	5,536,349	-	5,536,349
Predevelopment costs reimbursable, current	3,861,294	6,375,862	10,237,156	-	10,237,156
<b>Total current assets</b>	<b>66,516,970</b>	<b>51,629,468</b>	<b>118,146,438</b>	<b>(5,288,315)</b>	<b>112,858,123</b>
<b>Other assets</b>					
Notes receivable, net of discount, allowance and current	96,923,857	113,629,264	210,553,121	-	210,553,121
Investment in companies	73,091,852	-	73,091,852	(73,091,852)	-
Investment in partnerships	25,835,795	1,089,403	26,925,198	-	26,925,198
Predevelopment costs reimbursable, net of current	9,491,710	-	9,491,710	-	9,491,710
Other assets	349,433	83,855	433,288	-	433,288
<b>Total other assets</b>	<b>205,692,647</b>	<b>114,802,522</b>	<b>320,495,169</b>	<b>(73,091,852)</b>	<b>247,403,317</b>
<b>Fixed assets</b>					
Land and buildings	-	938,747	938,747	-	938,747
Furniture, equipment and leasehold improvements	813,101	350,682	1,163,783	-	1,163,783
Right-of-use assets	6,152,165	2,083,266	8,235,431	-	8,235,431
Less: Accumulated depreciation	(250,914)	(606,144)	(857,058)	-	(857,058)
<b>Total fixed assets</b>	<b>6,714,352</b>	<b>2,766,551</b>	<b>9,480,903</b>	<b>-</b>	<b>9,480,903</b>
<b>Total assets</b>	<b>\$ 278,923,969</b>	<b>\$ 169,198,541</b>	<b>\$ 448,122,510</b>	<b>\$ (78,380,167)</b>	<b>\$ 369,742,343</b>

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position - Core Operating Companies  
December 31, 2023**

Liabilities and Net assets

	<u>POAH INC</u>	<u>POAH LLC</u>	<u>Subtotal</u>	<u>Elimination</u>	<u>Total</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 905,119	\$ 643,705	\$ 1,548,824	\$ -	\$ 1,548,824
Accrued expenses	758,129	3,080,379	3,838,508	-	3,838,508
Accounts payable - development	-	459,227	459,227	-	459,227
Accrued interest	386,678	91,913	478,591	-	478,591
Loan payable, current	-	6,750,000	6,750,000	-	6,750,000
Line of credit, current	650,000	874,329	1,524,329	-	1,524,329
Tenant security deposit	-	27,944	27,944	-	27,944
Prepaid revenue	-	1,312	1,312	-	1,312
Due to affiliates	2,406,576	3,325,548	5,732,124	(5,288,315)	443,809
<b>Total current liabilities</b>	<u>5,106,502</u>	<u>15,254,357</u>	<u>20,360,859</u>	<u>(5,288,315)</u>	<u>15,072,544</u>
<b>Long-term liabilities</b>					
Loans and notes payable, net of current	3,996,678	5,701,687	9,698,365	-	9,698,365
Line of credit, net of current	-	1,306,663	1,306,663	-	1,306,663
Accrued interest payable - notes payable	-	1,305,549	1,305,549	-	1,305,549
Bonds payable	74,127,255	-	74,127,255	-	74,127,255
Other long-term liabilities	6,855,254	2,209,346	9,064,600	-	9,064,600
Deferred income	48,088,640	71,007,335	119,095,975	-	119,095,975
<b>Total long-term liabilities</b>	<u>133,067,827</u>	<u>81,530,580</u>	<u>214,598,407</u>	<u>-</u>	<u>214,598,407</u>
<b>Total liabilities</b>	<u>138,174,329</u>	<u>96,784,937</u>	<u>234,959,266</u>	<u>(5,288,315)</u>	<u>229,670,951</u>
<b>Net assets</b>					
Net assets without donor restrictions controlling	135,108,375	73,091,852	208,200,227	(73,091,852)	135,108,375
Net assets without donor restrictions noncontrolling	-	(678,248)	(678,248)	-	(678,248)
<b>Total net assets without donor restrictions</b>	<u>135,108,375</u>	<u>72,413,604</u>	<u>207,521,979</u>	<u>(73,091,852)</u>	<u>134,430,127</u>
Net assets with donor restrictions	5,641,265	-	5,641,265	-	5,641,265
<b>Total net assets</b>	<u>140,749,640</u>	<u>72,413,604</u>	<u>213,163,244</u>	<u>(73,091,852)</u>	<u>140,071,392</u>
<b>Total liabilities and net assets</b>	<u>\$ 278,923,969</u>	<u>\$ 169,198,541</u>	<u>\$ 448,122,510</u>	<u>\$ (78,380,167)</u>	<u>\$ 369,742,343</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Activities - Core Operating Companies  
Year ended December 31, 2023**

	POAH INC without donor restrictions	POAH INC with donor restriction	POAH LLC	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 57,990	\$ -	\$ 264,817	\$ 322,807	\$ -	\$ 322,807
Grant income	113,513	1,146,200	-	1,259,713	-	1,259,713
Grant income, capital investments	2,233,730	582,646	81,061	2,897,437	-	2,897,437
Contribution income	74,399	-	-	74,399	-	74,399
Developer fee revenue	-	-	16,367,294	16,367,294	-	16,367,294
Cash flow from properties	26,531	-	761,638	788,169	-	788,169
State tax credit proceeds	10,409,310	-	-	10,409,310	-	10,409,310
Property management and related fees	-	-	12,185,633	12,185,633	-	12,185,633
Reimbursable salaries and expenses	-	-	30,749,400	30,749,400	-	30,749,400
Gain on receipt of mortgage note	-	-	4,427,422	4,427,422	-	4,427,422
Interest income	3,115,737	-	5,079,417	8,195,154	-	8,195,154
Investment income (loss)	5,793,547	-	48,735	5,842,282	(1,980,275)	3,862,007
Other income	586,602	119,260	5,492	711,354	-	711,354
	<u>22,411,359</u>	<u>1,848,106</u>	<u>69,970,909</u>	<u>94,230,374</u>	<u>(1,980,275)</u>	<u>92,250,099</u>
Net assets released from restrictions	920,857	(920,857)	-	-	-	-
Total support and revenue	<u>23,332,216</u>	<u>927,249</u>	<u>69,970,909</u>	<u>94,230,374</u>	<u>(1,980,275)</u>	<u>92,250,099</u>
Expenses						
Personnel	2,253,167	-	21,164,414	23,417,581	-	23,417,581
Development expense	-	-	9,536,341	9,536,341	-	9,536,341
Professional services	1,203,369	-	597,610	1,800,979	-	1,800,979
Contributions and grants made	364,240	-	6,774	371,014	-	371,014
Rental and utilities	224,949	-	1,369,842	1,594,791	-	1,594,791
Taxes and insurance	585,381	-	187,749	773,130	-	773,130
Travel and lodging	155,530	-	787,609	943,139	-	943,139
Interest expense	3,898,507	-	795,458	4,693,965	-	4,693,965
Reimbursable salaries and expenses	-	-	30,749,400	30,749,400	-	30,749,400
Property operations	-	-	232,077	232,077	-	232,077
Property mortgage interest	-	-	35,191	35,191	-	35,191
Office and administration	180,932	-	1,815,381	1,996,313	-	1,996,313
Depreciation and amortization	81,538	-	77,670	159,208	-	159,208
Community impact	3,742,734	-	-	3,742,734	-	3,742,734
Bad debt expense	-	-	611,436	611,436	-	611,436
Miscellaneous	51,012	-	44,137	95,149	-	95,149
Total expenses	<u>12,741,359</u>	<u>-</u>	<u>68,011,089</u>	<u>80,752,448</u>	<u>-</u>	<u>80,752,448</u>
Excess of revenue over expenses (expenses over revenue)	<u>10,590,857</u>	<u>927,249</u>	<u>1,959,820</u>	<u>13,477,926</u>	<u>(1,980,275)</u>	<u>11,497,651</u>
Excess of expenses over revenue attributable to noncontrolling interests	-	-	20,455	20,455	-	20,455
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>\$ 10,590,857</u>	<u>\$ 927,249</u>	<u>\$ 1,980,275</u>	<u>\$ 13,498,381</u>	<u>\$ (1,980,275)</u>	<u>\$ 11,518,106</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Changes in Net Assets - Core Operating Companies  
Year ended December 31, 2023**

	Net assets without donor restrictions					Net assets with donor restrictions		
	Controlling			Subtotal	Noncontrolling	Total	Controlling	Total
	POAH INC	POAH LLC	Eliminations		POAH LLC		POAH INC	
Beginning balance, January 1, 2023	\$ 123,533,728	\$ 79,527,787	\$ (79,527,787)	\$ 123,533,728	\$ (321,845)	\$ 123,211,883	\$ 4,714,016	\$ 127,925,899
Distributions to member	-	(9,400,000)	9,400,000	-	-	-	-	-
Distributions to noncontrolling member	-	-	-	-	(335,948)	(335,948)	-	(335,948)
Other changes in equity	983,790	983,790	(983,790)	983,790	-	983,790	-	983,790
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	(20,455)	(20,455)	-	(20,455)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	10,590,857	1,980,275	(1,980,275)	10,590,857	-	10,590,857	927,249	11,518,106
Ending balance, December 31, 2023	<u>\$ 135,108,375</u>	<u>\$ 73,091,852</u>	<u>\$ (73,091,852)</u>	<u>\$ 135,108,375</u>	<u>\$ (678,248)</u>	<u>\$ 134,430,127</u>	<u>\$ 5,641,265</u>	<u>\$ 140,071,392</u>

See Independent Auditor's Report.



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows - Core Operating Companies  
Year ended December 31, 2023**

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Cash flows from operating activities					
Excess of revenue over expenses (expenses over revenue)	\$ 11,518,106	\$ 1,959,820	\$ 13,477,926	\$ (1,980,275)	\$ 11,497,651
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by operating activities					
Investment (income) loss	(5,600,860)	(48,735)	(5,649,595)	1,980,275	(3,669,320)
Depreciation and amortization	81,538	77,670	159,208	-	159,208
Amortization of debt issuance costs	98,434	39,082	137,516	-	137,516
Bad debt expense	-	611,436	611,436	-	611,436
Changes in					
Accounts receivable	(12,456)	(426,235)	(438,691)	-	(438,691)
Predevelopment costs reimbursable	2,220,012	8,992,506	11,212,518	-	11,212,518
Prepaid expenses and other assets	(158,507)	220,966	62,459	-	62,459
Accounts payable and accrued expenses	913,964	172,688	1,086,652	-	1,086,652
Prepaid and deferred revenues	20,029,608	364,269	20,393,877	-	20,393,877
Due to affiliates, net	(1,483,029)	(40,710)	(1,523,739)	-	(1,523,739)
Net cash provided by operating activities	<u>27,606,810</u>	<u>11,922,757</u>	<u>39,529,567</u>	<u>-</u>	<u>39,529,567</u>
Cash flows from investing activities					
Purchase of short term investments	9,138,405	-	9,138,405	-	9,138,405
Advances on notes receivable and accrued interest	(62,385,791)	(9,743,056)	(72,128,847)	-	(72,128,847)
Repayments of notes receivable and accrued interest	13,672,145	12,149,763	25,821,908	-	25,821,908
Purchase of limited partner interest	-	(76,810)	(76,810)	-	(76,810)
Acquisition of assets	(491,583)	-	(491,583)	-	(491,583)
Contributions to partnerships	(118,354)	(500,000)	(618,354)	-	(618,354)
Distributions from partnerships	54,871	135,354	190,225	-	190,225
Distribution from subsidiary	9,400,000	-	9,400,000	(9,400,000)	-
Net cash (used in) provided by investing activities	<u>(30,730,307)</u>	<u>1,965,251</u>	<u>(28,765,056)</u>	<u>(9,400,000)</u>	<u>(38,165,056)</u>
Cash flows from financing activities					
Proceeds from line of credit	650,000	-	650,000	-	650,000
Payments on line of credit	-	(710,000)	(710,000)	-	(710,000)
Payment on notes and mortgages payable	(9,250,000)	(6,133,500)	(15,383,500)	-	(15,383,500)
Deferred income	(973,834)	331,448	(642,386)	-	(642,386)
Debt issuance costs	-	(40,000)	(40,000)	-	(40,000)
Distributions to members	-	(9,735,948)	(9,735,948)	9,400,000	(335,948)
Net cash (used in) provided by financing activities	<u>(9,573,834)</u>	<u>(16,288,000)</u>	<u>(25,861,834)</u>	<u>9,400,000</u>	<u>(16,461,834)</u>
Net decrease in cash, cash equivalents, and restricted cash	<u>(12,697,331)</u>	<u>(2,399,992)</u>	<u>(15,097,323)</u>	<u>-</u>	<u>(15,097,323)</u>
Cash, cash equivalents, and restricted cash, December 31, 2022	<u>53,938,030</u>	<u>15,187,432</u>	<u>69,125,462</u>	<u>-</u>	<u>69,125,462</u>
Cash, cash equivalents, and restricted cash, December 31, 2023	<u>\$ 41,240,699</u>	<u>\$ 12,787,440</u>	<u>\$ 54,028,139</u>	<u>\$ -</u>	<u>\$ 54,028,139</u>

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows - Core Operating Companies  
Year ended December 31, 2023**

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Supplemental disclosure of cash flow activities					
Cash paid for interest	\$ 421,636	\$ 686,274	\$ 1,107,910	\$ -	\$ 1,107,910
Schedule of noncash investing activities					
Increase in interest on notes receivable for acquisitions under common control	\$ 513,940	\$ 513,940	\$ 1,027,880	\$ (513,940)	\$ 513,940
Contribution of notes receivable	\$ -	\$ 11,040,968	\$ 11,040,968	\$ -	\$ 11,040,968
Additions to leased assets obtained from new lease liabilities	\$ 23,118	\$ -	\$ 23,118	\$ -	\$ 23,118

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Financial Position - POAH LLC  
December 31, 2023

Assets

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
<b>Current assets</b>						
Cash and cash equivalents	\$ 11,476,463	\$ 1,233,474	\$ 100	\$ 49,180	\$ -	\$ 12,759,217
Accounts receivable						
Properties, net of allowance for doubtful accounts	2,340,937	5,190,918	-	18,305	(140,610)	7,409,550
Development fees	15,276,310	-	5,424	-	-	15,281,734
Other	21,792	55,383	-	-	-	77,175
Due from related parties	4,560,947	924,669	-	-	(1,160,229)	4,325,387
Prepaid expenses	24,083	267,150	-	-	-	291,233
Interest on notes receivable, net of allowance	4,990,557	-	90,530	-	-	5,081,087
Predevelopment costs reimbursable, current	6,375,862	-	-	-	-	6,375,862
Tenant security deposits	-	-	-	28,223	-	28,223
<b>Total current assets</b>	<b>45,066,951</b>	<b>7,671,594</b>	<b>96,054</b>	<b>95,708</b>	<b>(1,300,839)</b>	<b>51,629,468</b>
<b>Other assets</b>						
Notes receivable, net of discount, allowance, and current	109,101,150	-	4,528,114	-	-	113,629,264
Investment in companies	9,016,921	-	-	-	(9,016,921)	-
Investment in partnerships	575,353	-	-	-	514,050	1,089,403
Other assets	74,230	9,625	-	-	-	83,855
<b>Total other assets</b>	<b>118,767,654</b>	<b>9,625</b>	<b>4,528,114</b>	<b>-</b>	<b>(8,502,871)</b>	<b>114,802,522</b>
<b>Fixed assets</b>						
Land and buildings	-	-	-	938,747	-	938,747
Furniture, equipment and leasehold improvements	173,150	177,532	-	-	-	350,682
Right-of-use assets	452,973	179,501	-	1,450,792	-	2,083,266
Less: Accumulated depreciation	(169,824)	(159,554)	-	(276,766)	-	(606,144)
<b>Total fixed assets</b>	<b>456,299</b>	<b>197,479</b>	<b>-</b>	<b>2,112,773</b>	<b>-</b>	<b>2,766,551</b>
<b>Total assets</b>	<b>\$ 164,290,904</b>	<b>\$ 7,878,698</b>	<b>\$ 4,624,168</b>	<b>\$ 2,208,481</b>	<b>\$ (9,803,710)</b>	<b>\$ 169,198,541</b>

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Financial Position - POAH LLC  
December 31, 2023

Liabilities and Net Assets

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 245,129	\$ 397,869	\$ -	\$ 707	\$ -	\$ 643,705
Accrued expenses	780,311	2,300,068	-	-	-	3,080,379
Development costs payable	453,427	-	-	5,800	-	459,227
Accrued interest	88,932	-	-	2,981	-	91,913
Loan payable, current	6,750,000	-	-	-	-	6,750,000
Line of credit, current	874,329	-	-	-	-	874,329
Tenant security deposits	-	-	-	27,944	-	27,944
Prepaid revenue	-	-	-	1,312	-	1,312
Due to related parties	3,009,578	1,023,555	140,610	452,644	(1,300,839)	3,325,548
<b>Total current liabilities</b>	<b>12,201,706</b>	<b>3,721,492</b>	<b>140,610</b>	<b>491,388</b>	<b>(1,300,839)</b>	<b>15,254,357</b>
<b>Long-term liabilities</b>						
Loans and notes payable, net of current	5,009,373	-	-	692,314	-	5,701,687
Line of credit, net of current	1,306,663	-	-	-	-	1,306,663
Accrued interest payable - loans and notes payable	1,305,549	-	-	-	-	1,305,549
Other long-term liabilities	465,717	204,800	-	1,538,829	-	2,209,346
Deferred income	70,910,044	97,291	-	-	-	71,007,335
<b>Total long-term liabilities</b>	<b>78,997,346</b>	<b>302,091</b>	<b>-</b>	<b>2,231,143</b>	<b>-</b>	<b>81,530,580</b>
<b>Total liabilities</b>	<b>91,199,052</b>	<b>4,023,583</b>	<b>140,610</b>	<b>2,722,531</b>	<b>(1,300,839)</b>	<b>96,784,937</b>
<b>Net assets</b>						
Net assets without donor restrictions controlling	73,091,852	3,855,115	5,161,806	(514,050)	(8,502,871)	73,091,852
Net assets without donor restrictions noncontrolling	-	-	(678,248)	-	-	(678,248)
<b>Total net assets without donor restrictions</b>	<b>73,091,852</b>	<b>3,855,115</b>	<b>4,483,558</b>	<b>(514,050)</b>	<b>(8,502,871)</b>	<b>72,413,604</b>
<b>Total liabilities and net assets</b>	<b>\$ 164,290,904</b>	<b>\$ 7,878,698</b>	<b>\$ 4,624,168</b>	<b>\$ 2,208,481</b>	<b>\$ (9,803,710)</b>	<b>\$ 169,198,541</b>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Core Operating Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Activities - POAH LLC  
Year ended December 31, 2023**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Support and revenue						
Rental income	\$ -	\$ -	\$ -	\$ 264,817	\$ -	\$ 264,817
Grant income, capital investments	81,061	-	-	-	-	81,061
Development and other fee revenue from properties	16,360,545	-	6,749	-	-	16,367,294
Cash flow from properties	902,148	-	-	-	(140,510)	761,638
Property management and related fees	-	12,185,633	-	-	-	12,185,633
Reimbursable salaries and expenses	-	30,749,400	-	-	-	30,749,400
Gain on receipt of mortgage note	4,427,422	-	-	-	-	4,427,422
Interest income	4,993,175	71	85,958	213	-	5,079,417
Investment income	4,307	-	-	-	44,428	48,735
Other income	-	447	-	5,045	-	5,492
<b>Total support and revenue</b>	<b>26,768,658</b>	<b>42,935,551</b>	<b>92,707</b>	<b>270,075</b>	<b>(96,082)</b>	<b>69,970,909</b>
Expenses						
Personnel	11,876,574	9,287,840	-	-	-	21,164,414
Development expense	9,536,341	-	140,510	-	(140,510)	9,536,341
Professional services	327,796	269,814	-	-	-	597,610
Contributions and grants made	6,774	-	-	-	-	6,774
Rental and utilities	984,592	385,250	-	-	-	1,369,842
Taxes and insurance	1,434	186,315	-	-	-	187,749
Travel and lodging	231,343	556,266	-	-	-	787,609
Interest expense	795,458	-	-	-	-	795,458
Reimbursable salaries and expenses	-	30,749,400	-	-	-	30,749,400
Property operations	-	-	-	232,077	-	232,077
Property mortgage interest	-	-	-	35,191	-	35,191
Office and administration	911,870	903,511	-	-	-	1,815,381
Depreciation and amortization	2,497	12,590	-	62,583	-	77,670
Bad debt expense	81,061	530,375	-	-	-	611,436
Miscellaneous	32,643	11,494	-	-	-	44,137
<b>Total expenses</b>	<b>24,788,383</b>	<b>42,892,855</b>	<b>140,510</b>	<b>329,851</b>	<b>(140,510)</b>	<b>68,011,089</b>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>1,980,275</b>	<b>42,696</b>	<b>(47,803)</b>	<b>(59,776)</b>	<b>44,428</b>	<b>1,959,820</b>
Excess of expenses over revenue attributable to noncontrolling interest	-	-	20,455	-	-	20,455
<b>Excess of revenue over expenses (expenses over revenue) attributable to the Company</b>	<b>\$ 1,980,275</b>	<b>\$ 42,696</b>	<b>\$ (27,348)</b>	<b>\$ (59,776)</b>	<b>\$ 44,428</b>	<b>\$ 1,980,275</b>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Core Operating Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Changes in Net Assets - POAH LLC  
Year ended December 31, 2023**

	Controlling					Subtotal	Noncontrolling	Total
	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations		PTLHC	
Balance at January 1, 2023	\$ 79,527,787	\$ 2,797,419	\$ 4,895,062	\$ (454,274)	\$ (7,238,207)	\$ 79,527,787	\$ (321,845)	\$ 79,205,942
Contribution from the member	-	1,015,000	-	-	(1,015,000)	-	-	-
Distributions to the member	(9,400,000)	-	-	-	-	(9,400,000)	-	(9,400,000)
Distributions to noncontrolling member	-	-	-	-	-	-	(335,948)	(335,948)
Other changes in equity								
Common control - interest	513,940	-	52,993	-	(52,993)	513,940	-	513,940
Common control - principal	469,850	-	241,099	-	(241,099)	469,850	-	469,850
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	(20,455)	(20,455)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	1,980,275	42,696	(27,348)	(59,776)	44,428	1,980,275	-	1,980,275
Balance at December 31, 2023	<u>\$ 73,091,852</u>	<u>\$ 3,855,115</u>	<u>\$ 5,161,806</u>	<u>\$ (514,050)</u>	<u>\$ (8,502,871)</u>	<u>\$ 73,091,852</u>	<u>\$ (678,248)</u>	<u>\$ 72,413,604</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Core Operating Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flow - POAH LLC  
Year ended December 31, 2023**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Cash flows from operating activities						
Excess of revenue over expenses (expenses over revenue)	\$ 1,980,275	\$ 42,696	\$ (47,803)	\$ (59,776)	\$ 44,428	\$ 1,959,820
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by (used in) operating activities						
Investment income	(4,307)	-	-	-	(44,428)	(48,735)
Depreciation and amortization	2,497	12,590	-	62,583	-	77,670
Amortization of debt issuance costs	39,082	-	-	-	-	39,082
Bad dept expense	81,061	530,375	-	-	-	611,436
Changes in						
Accounts receivable	1,860,269	(2,328,485)	33,999	7,982	-	(426,235)
Predevelopment costs reimbursable	8,992,506	-	-	-	-	8,992,506
Prepaid expenses and other assets	104,345	116,621	-	-	-	220,966
Accounts payable and accrued expenses	(154,930)	337,446	-	(9,828)	-	172,688
Prepaid revenue and deferred liabilities	384,225	(33,123)	-	13,167	-	364,269
Due to affiliates, net	395,167	(435,601)	(276)	-	-	(40,710)
Net cash provided by (used in) operating activities	<u>13,680,190</u>	<u>(1,757,481)</u>	<u>(14,080)</u>	<u>14,128</u>	<u>-</u>	<u>11,922,757</u>
Cash flows from investing activities						
Advances on notes receivable and accrued interest	(9,657,098)	-	(85,958)	-	-	(9,743,056)
Repayment of notes receivable and accrued interest	11,713,677	-	436,086	-	-	12,149,763
Purchase of limited partner interest	(76,810)	-	-	-	-	(76,810)
Contribution to partnership	(500,000)	-	-	-	-	(500,000)
Distribution from partnership	135,354	-	-	-	-	135,354
Contribution to subsidiary	(1,015,000)	-	-	-	1,015,000	-
Net cash provided by investing activities	<u>600,123</u>	<u>-</u>	<u>350,128</u>	<u>-</u>	<u>1,015,000</u>	<u>1,965,251</u>
Cash flows from financing activities						
Payments on line of credit	(710,000)	-	-	-	-	(710,000)
Payments on notes payable	(6,133,500)	-	-	-	-	(6,133,500)
Deferred income	331,448	-	-	-	-	331,448
Debt issuance costs	(40,000)	-	-	-	-	(40,000)
Contribution from member	-	1,015,000	-	-	(1,015,000)	-
Distributions to member	(9,400,000)	-	(335,948)	-	-	(9,735,948)
Net cash (used in) provided by financing activities	<u>(15,952,052)</u>	<u>1,015,000</u>	<u>(335,948)</u>	<u>-</u>	<u>(1,015,000)</u>	<u>(16,288,000)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(1,671,739)</u>	<u>(742,481)</u>	<u>100</u>	<u>14,128</u>	<u>-</u>	<u>(2,399,992)</u>
Cash, cash equivalents, and restricted cash, beginning	<u>13,148,202</u>	<u>1,975,955</u>	<u>-</u>	<u>63,275</u>	<u>-</u>	<u>15,187,432</u>
Cash, cash equivalents, and restricted cash, ending	<u>\$ 11,476,463</u>	<u>\$ 1,233,474</u>	<u>\$ 100</u>	<u>\$ 77,403</u>	<u>\$ -</u>	<u>\$ 12,787,440</u>

**Preservation of Affordable Housing, Inc. and Core Operating Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flow - POAH LLC  
Year ended December 31, 2023**

Supplemental disclosure of cash flow activities						
Cash paid for interest	<u>\$ 651,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,095</u>	<u>\$ -</u>	<u>\$ 686,274</u>
Schedule of noncash investing activities						
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 513,940</u>	<u>\$ -</u>	<u>\$ 52,993</u>	<u>\$ -</u>	<u>\$ (52,993)</u>	<u>\$ 513,940</u>
Contribution of notes receivable	<u>\$ 11,040,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,040,968</u>

See Independent Auditor's Report.



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2023**

Federal Agency/ (Pass-through Agency)/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures			
			From Pass-through Awards	From Direct Awards	Total Expenditures	Passed through to Subrecipients
U.S. Department of the Treasury						
Community Development Financial Institutions Fund						
Capital Magnet Fund - 2016	21.011	N/A	\$ -	\$ 3,015,000	\$ 3,015,000	\$ -
Capital Magnet Fund - 2018	21.011	N/A	-	4,000,000	4,000,000	-
Capital Magnet Fund - 2020	21.011	N/A	-	8,000,000	8,000,000	-
Capital Magnet Fund - 2021	21.011	N/A	-	7,961,631	7,961,631	-
<b>Total Community Development Financial Institutions Fund</b>			-	22,976,631	22,976,631	-
<b>Total</b>			\$ -	\$ 22,976,631	\$ 22,976,631	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2023**

#### **Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of Preservation of Affordable Housing, Inc. and Subsidiaries under various programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of Preservation of Affordable Housing, Inc. and Subsidiaries, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Preservation of Affordable Housing, Inc. and Subsidiaries.

#### **Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Preservation of Affordable Housing, Inc. and Subsidiaries has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated June 28, 2024.. The financial statements of certain subsidiaries were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance for these certain subsidiaries.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting.

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Preservation of Affordable Housing, Inc. and Subsidiaries' consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*CohnReznick LLP*

Bethesda, Maryland  
June 28, 2024

Independent Auditor's Report on Compliance for the Major Federal Program and  
Report on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

*Opinion on the Major Federal Program*

We have audited Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Preservation of Affordable Housing, Inc. and Subsidiaries' major federal program for the year ended December 31, 2023. Preservation of Affordable Housing, Inc. and Subsidiaries' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Preservation of Affordable Housing, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

*Basis for Opinion on the 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Preservation of Affordable Housing, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the 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 the major federal program. Our audit does not provide a legal determination of Preservation of Affordable Housing, Inc. and Subsidiaries' 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 Preservation of Affordable Housing, Inc. and Subsidiaries' federal program.

### *Auditor's 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 to express an opinion on Preservation of Affordable Housing, Inc. and Subsidiaries' 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 GAAS, *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 Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the requirements of the 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 Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Preservation of Affordable Housing, Inc. and Subsidiaries' 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 Preservation of Affordable Housing, Inc. and Subsidiaries' 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.

### *Other Matter*

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Preservation of Affordable Housing, Inc. and Subsidiaries' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Preservation of Affordable Housing, Inc. and Subsidiaries' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Preservation of Affordable Housing, Inc. and Subsidiaries' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Preservation of Affordable Housing, Inc. and Subsidiaries response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Bethesda, Maryland  
June 28, 2024

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Schedule of Findings and Questioned Costs  
December 31, 2023**

**A. Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified?        Yes   x   None reported

Noncompliance material to financial statements noted?        Yes   x   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified?   x   Yes        None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?   x   Yes        No

Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.011	Capital Magnet Fund

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

Auditee qualified as low-risk auditee   x   Yes        No



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Schedule of Findings and Questioned Costs  
December 31, 2023**

**B. Findings - Financial Statement Audit**

None reported

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

Finding No. 2023-001

U.S. Department of the Treasury, Community Development Financial Institutions Fund  
Federal Assistance Listing Number #21.011 Capital Magnet Fund - Compliance Requirement:  
J - Program Income

**Criteria**

In accordance with 2 CFR, Part 200.305(9), interest earned on advance payments in excess of \$500 per year must be remitted annually to the Department of Health and Human Services, Payment Management System.

**Condition**

During our testing, we noted that the Organization did not remit interest earned on advance payments.

**Cause**

Interest earned on advance payments was calculated, however the Organization did not have adequate procedures and controls in place to ensure the interest was remitted.

**Effect or Potential Effect**

Failure to remit interest earned on advance payments could result in misuse of funds.

**Questioned Costs:** Not applicable.

**Context**

For two program income samples out of a total two tested, management did not remit a total of \$148,180 related to 2023 interest earned on advance payments.

**Repeat Finding:** No

**Recommendation**

Management should establish controls to ensure the annual remittance of interest earned on advance payments in excess of \$500.

**Views of Responsible Officials**

In 2024, all required interest refunds were remitted. Additionally, management established a policy to remit annual calculated interest refunds by March 31st of the subsequent year.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**