



CHN
Housing PartnersSM
and Affiliates

Consolidated Financial Statements
December 31, 2023

Cohen & Co

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CHN HOUSING PARTNERS AND AFFILIATES

DECEMBER 31, 2023

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Independent Auditor's Report

Board of Directors
CHN Housing Partners and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CHN Housing Partners (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CHN Housing Partners and Affiliates as of December 31, 2023, and the changes 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.

Basis for Opinion

We conducted our audit 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. 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 CHN Housing Partners and Affiliates 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 opinions.

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 CHN Housing Partners and Affiliates' ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards 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 CHN Housing Partners and Affiliates' 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 CHN Housing Partners and Affiliates' 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 CHN Housing Partners and Affiliates' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 6, 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 accompanying 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, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of CHN Housing Partners and Affiliates' 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 CHN Housing Partners and Affiliates' 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 CHN Housing Partners and Affiliates' internal control over financial reporting and compliance.

Cohen & Company Ltd.

Cleveland, Ohio
June 28, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 30,667,934	\$ 35,629,499	Current portion of notes payable	\$ 486,300	\$ 800,000
Accounts receivable			Current portion of long-term debt	901,274	254,473
Affiliated entities	7,784,960	6,807,044	Current portion of deferred interest payable		835
Other	2,409,360	2,460,479	Current portion of operating lease liabilities	575,242	487,533
Grants and contracts	7,711,616	5,418,503	Accounts payable and accrued expenses		
Current portion of mortgages and loans receivable	648,586	738,027	Trade	2,407,660	12,316,832
Inventory - Net	78,418	85,404	Affiliated entities	700,000	991,868
Prepaid and other assets	1,362,038	752,693	Other	4,053,355	2,884,965
Land and buildings held for sale	4,923,360	4,488,207	Deferred revenue	18,686,498	12,626,276
	<u>55,586,272</u>	<u>56,379,856</u>		<u>27,810,329</u>	<u>30,362,782</u>
PROPERTY AND EQUIPMENT - AT COST			LONG-TERM LIABILITIES		
Land	1,780,875	588,969	Notes payable	2,500,000	2,500,000
Building and improvements	15,884,026	9,686,960	Long-term debt	38,543,398	35,984,499
Furniture and equipment	966,906	910,400	Deferred interest payable	2,860,359	1,551,064
Less: Accumulated depreciation	(5,907,637)	(5,322,832)	Operating lease liabilities	756,699	934,594
	<u>12,724,170</u>	<u>5,863,497</u>		<u>44,660,456</u>	<u>40,970,157</u>
				<u>72,470,785</u>	<u>71,332,939</u>
OTHER ASSETS			CONTINGENCIES		
Restricted cash and cash equivalents	10,590,395	10,224,299			
Long-term notes receivable	21,679,652	23,282,277	NET ASSETS		
Investments in limited partnerships	8,006,963	7,073,509	Without donor restrictions	38,390,381	35,500,593
Mortgages and loans receivable - Net of allowance for credit losses of approximately \$1,218,000 and \$1,165,000, respectively	2,799,438	2,243,817	With donor restrictions	4,415,475	4,715,475
Operating lease right-of-use assets	1,291,616	1,405,939		<u>42,805,856</u>	<u>40,216,068</u>
Interest receivable - Deferred	2,598,135	5,075,813			
	<u>46,966,199</u>	<u>49,305,654</u>			
	<u>\$ 115,276,641</u>	<u>\$ 111,549,007</u>		<u>\$ 115,276,641</u>	<u>\$ 111,549,007</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
REVENUES				
Public support	\$ 37,618,105	\$ 400,000	\$ 38,018,105	\$ 78,310,291
Rental income	4,874,272		4,874,272	3,181,686
Management fees - Affiliated entities	14,537,100		14,537,100	15,290,084
Interest income - Affiliated entities	483,779		483,779	716,585
Net gains (losses) on sale of inventory and land and buildings	400,962		400,962	(222,722)
Maintenance services - Affiliated entities	1,236,513		1,236,513	1,772,167
Other interest income and miscellaneous	2,881,995		2,881,995	1,825,196
Net assets released from restrictions	700,000	(700,000)		
	<u>62,732,726</u>	<u>(300,000)</u>	<u>62,432,726</u>	<u>100,873,287</u>
OPERATING EXPENSES				
Program services	58,266,681		58,266,681	98,313,274
Supporting services				
Management and general	2,522,454		2,522,454	1,314,436
Fundraising	813,724		813,724	665,273
	<u>61,602,859</u>		<u>61,602,859</u>	<u>100,292,983</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,129,867	(300,000)	829,867	580,304
ACQUISITION OF CONTROLLING INTEREST IN SUBSIDIARY				
NET ASSET ASSUMED	2,774,912		2,774,912	4,645,876
(LOSS) GAIN ON COLLECTION OF NOTES AND ACCOUNTS RECEIVABLE	<u>(1,014,991)</u>		<u>(1,014,991)</u>	<u>195,681</u>
CHANGE IN NET ASSETS	2,889,788	(300,000)	2,589,788	5,421,861
NET ASSETS - BEGINNING OF THE YEAR	<u>35,500,593</u>	<u>4,715,475</u>	<u>40,216,068</u>	<u>34,794,207</u>
NET ASSETS - END OF THE YEAR	<u>\$ 38,390,381</u>	<u>\$ 4,415,475</u>	<u>\$ 42,805,856</u>	<u>\$ 40,216,068</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL EXPENSES	
	Weatherization	Partnerships and Development	Community Resource Center	Total Program Services	Management and General	Fundraising	2023	2022
Personnel	\$ 6,001,723	\$ 10,913,228	\$ 1,539,964	\$ 18,454,915	\$ 1,994,376	\$ 639,117	\$ 21,088,408	\$ 20,046,056
Construction rehab		11,845,784		11,845,784			11,845,784	10,342,943
Family development and rental and utility assistance			6,055,506	6,055,506			6,055,506	45,744,679
Housewarming materials and labor	5,265,028			5,265,028			5,265,028	5,886,706
Contract materials	4,009,390			4,009,390			4,009,390	5,026,146
Energy assistance and water conservation materials and labor	3,404,088			3,404,088			3,404,088	2,907,167
Professional fees	727,286	1,378,744	107,336	2,213,366	329,320	132,592	2,675,278	2,411,492
Electric wiring materials and labor	1,377,810			1,377,810			1,377,810	1,739,407
Telephone and utilities	30,682	1,183,752	13,267	1,227,701	12,097	2,314	1,242,112	988,609
Maintenance	21,038	475,551	8,094	504,683	11,195	2,313	518,191	747,750
Equipment and supplies	240,471	544,602	84,827	869,900	97,287	19,965	987,152	991,473
Change in allowance for credit losses for notes and mortgages receivable		53,000		53,000			53,000	770,686
Real estate taxes		621,024		621,024			621,024	727,943
Interest	14,360	437,902		452,262			452,262	327,192
Rent	80,134	317,331	81,152	478,617	65,180	8,682	552,479	539,814
Insurance	29,203	304,481	2,743	336,427	4,320	893	341,640	355,071
Management fees		255,148		255,148			255,148	121,760
Lead relocation and abatement	81,639			81,639			81,639	
Miscellaneous	25,682	138,036	3,861	167,579	6,251	7,848	181,678	222,076
Total expenses before depreciation	21,308,534	28,468,583	7,896,750	57,673,867	2,520,026	813,724	61,007,617	99,896,970
Depreciation		592,814		592,814	2,428		595,242	396,013
	<u>\$ 21,308,534</u>	<u>\$ 29,061,397</u>	<u>\$ 7,896,750</u>	<u>\$ 58,266,681</u>	<u>\$ 2,522,454</u>	<u>\$ 813,724</u>	<u>\$ 61,602,859</u>	<u>\$ 100,292,983</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023	2022		2023	2022
CASH FLOW PROVIDED FROM (USED IN) OPERATING ACTIVITIES			NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in net assets	\$ 2,589,788	\$ 5,421,861	Collection of notes, interest, and other receivables via receipt of land and building held for sale	\$ 1,867,250	\$ 736,500
Noncash items included in change in net assets			Debt and deferred interest forgiven or transferred to lease purchase buyers	\$ 1,560,759	\$ 1,392,573
Depreciation	595,242	396,013	Debt assumed via receipt of land and buildings held for sale	\$ 202,226	\$ 330,000
Deferred interest income and other interest income	(483,779)	(716,585)	Forgiveness of debt and related note receivable	\$ 954,085	\$ 735,000
Deferred interest expense	198,557	174,737	Right-of-use assets obtained in exchange for operating lease liabilities	\$ 467,044	\$ 1,915,550
Loss (gain) on collection of notes and accounts receivable	1,014,991	(195,681)	Acquisition of controlling interest in subsidiary - Net assets assumed		
Losses (gains) on sale of inventory and land and buildings	(400,962)	222,722	Other assets	\$ 131,740	\$ 51,842
Change in reserve for notes and mortgages receivable	53,000	770,686	Note receivable	554,355	
Acquisition of controlling interest in subsidiary - Net assets assumed	(2,774,912)	(4,645,876)	Property and equipment	7,615,581	5,859,215
Operating lease expense	581,367	509,611	Mortgages and notes payable	(3,377,099)	(741,841)
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents caused by changes in current items			Long-term debt due to CHN Housing Partners		(548,031)
Accounts receivable	(3,141,169)	(3,777,233)	Deferred interest payable due to CHN Housing Partners		(728,398)
Inventory - Net	6,986	12,179	Deferred interest payable	(1,284,236)	
Prepaid and other assets	(609,345)	92,364	Accounts payable	(417,584)	(313,985)
Accounts payable and accrued expenses	(11,060,977)	11,683,478	Other liabilities	(1,408,517)	(76,485)
Deferred revenue	6,060,222	6,404,054		<u>\$ 1,814,240</u>	<u>\$ 3,502,317</u>
Operating lease liabilities	(557,230)	(493,423)			
Net cash flow provided from (used in) operations	<u>(7,928,221)</u>	<u>15,858,907</u>	SUPPLEMENTAL INFORMATION		
			Cash paid for amounts included in the measurement of lease liabilities		
			Operating cash flows from operating leases	\$ 533,110	\$ 510,492
			Interest paid	\$ 113,347	\$ 87,052
CASH FLOW PROVIDED FROM INVESTING ACTIVITIES					
Cash and restricted cash received from subsidiaries and affiliates	960,672	1,143,559			
Cash received upon close of partnerships	1,267,228	513,551			
Proceeds on sale of land and buildings held for sale	887,354	1,266,963			
Acquisition of furniture and equipment	(58,224)	(247,135)			
Investments in limited partnerships	(168,000)	(201)			
Advances under notes and mortgages receivable	(6,560,528)	(2,981,142)			
Proceeds received on notes, mortgages, loans, and interest receivable	<u>6,133,777</u>	<u>1,921,954</u>			
	<u>2,462,279</u>	<u>1,617,549</u>			
CASH FLOW PROVIDED FROM FINANCING ACTIVITIES					
Additional financing	1,706,416	1,195,936			
Repayment of debt and deferred interest	<u>(835,943)</u>	<u>(428,412)</u>			
	<u>870,473</u>	<u>767,524</u>			
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS					
	(4,595,469)	18,243,980			
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR					
	<u>45,853,798</u>	<u>27,609,818</u>			
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR					
	<u>\$ 41,258,329</u>	<u>\$ 45,853,798</u>			

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Presentation

The accompanying consolidated financial statements of CHN Housing Partners include the accounts of its wholly owned subsidiaries, Rainbow Place Apartments Inc. (Rainbow), CHN Partner Services Inc. (PSI), CHN Housing Capital, Inc. (HC), CHN Affordable Housing Services LLC (AH), CHN SLP LLC (SLP), Neighborhood Housing Services of Greater Cleveland, Inc. (NHS), Erie Square Apartments Limited Partnership (ESA), New Sunrise Properties, Inc. (NSP), and its affiliate, NHI, Inc. (NHI) (collectively, CHN). The wholly owned subsidiaries and certain affiliates are consolidated with CHN Housing Partners on the basis of control and economic interest in accordance with accounting principles generally accepted in the United States of America (GAAP). All intercompany transactions and balances are eliminated in consolidation.

CHN Housing Partners also has approximately 35 for-profit and not-for-profit affiliates with ownership ranging from 25% to 100%. The sole purpose of these affiliates is to act as general partners in limited partnerships (owning .01% - 1%) which acquire, develop, operate, lease, and provide tenants with the opportunity to purchase low-income housing.

CHN accounts for its ownership interest in these affiliates that are not consolidated and that act as general partners in limited partnerships on the equity method in accordance with GAAP. The limited partners have substantive kick-out and participation rights and, accordingly, CHN has not consolidated the limited partnerships in these accompanying consolidated financial statements. Upon completion of the fifteen-year requirement for low-income housing tax credits, CHN receives the limited partnerships' properties in lieu of receiving payment for equity investments. CHN reviews its investments in the limited partnerships for impairment annually. No impairment losses were recorded in 2023. See Note 13 for guarantees provided by CHN on limited partnership loans and capital contribution commitments to limited partnerships that are currently in development.

CHN Housing Partners is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). CHN Housing Partners was established for the purpose of developing affordable housing and providing housing services in the City of Cleveland and surrounding areas in partnership with its 14 neighborhood constituent community development corporations (CDCs), all of which are tax exempt. These CDCs are Buckeye Shaker Square Development Corporation, Burten Bell Carr Development Corporation, Detroit Shoreway Community Development Organization, Fairfax Renaissance Development Corporation, Famicos Foundation, Inc., Mount Pleasant Now Development Corporation, Northeast Shores Development Corporation, Ohio City, Inc., Shaker Square Area Development Corporation, Slavic Village Development, St. Clair-Superior Development Corporation, Tremont West Development Corporation, Union-Miles Development Corporation, and Westown Community Development Corporation.

NHI is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the IRC. NHI was established for the purpose of holding real property to be used to support the charitable activities of CHN. During 2023, NHI had no income statement activity and any assets or liabilities held at December 31, 2023, had no value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations and Presentation (continued)

Rainbow is an Ohio corporation organized in January 2006, to invest in Rainbow Place Apartments, LP (the Limited Partnership), a 181 unit low-income housing project. In 2016, an affiliate of Millennia Housing Development, Ltd. (Millennia) purchased the general partner interest in the Limited Partnership. Activity during the year ended December 31, 2023, was immaterial to the consolidated financial statements.

PSI is an Ohio corporation organized in February 2017, to provide construction management services and property management services to third parties with respect to single family and multi-family housing developments. PSI has two wholly owned subsidiaries: CHN Real Estate Services LLC provides property management, and CHN Construction LLC provides construction management services. The operations of the subsidiaries are reflected in the accompanying consolidated statement of activities.

HC is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the IRC. HC was established for the purpose of creating a community development financial institution providing access to financial resources in communities underserved by traditional banks.

AH is an Ohio Limited Liability Company organized in August 2017, for the purpose of providing fully integrated housing related services to ensure the viability of third-party affordable housing programs resulting in home ownership for low-income families.

SLP is an Ohio Limited Liability Company organized in February 2017, for the purpose of acquiring and holding equity interests in entities that own low-income housing tax credit developments, and ultimately selling or disposing of such interests. There was no activity in 2023.

NHS is an Ohio nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the IRC. CHN became the sole member of NHS in July 2019, for the purpose of combining efforts to improve household stability and affordability in neighborhoods throughout Northeast Ohio.

ESA is an Ohio Limited Partnership operating an 89-unit permanent supportive housing project in Cleveland, known as Erie Square Apartments, providing affordable housing for income-qualifying households and subject to the operating provisions of a Regulatory Agreement executed between the Partnership and the U.S. Department of Housing and Urban Development.

In March 2023, CHN entered into a membership substitution agreement with NSP, an Ohio nonprofit corporation exempt from federal income tax under section 501(c)(3) of the IRC. NSP has three wholly owned subsidiaries: Threshold Homes Limited Partnership, Southern Heights Limited Partnership, and New Riverbend Homes LLC (collectively, NSP). See Note 3 for further discussion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations and Presentation (continued)

CHN operates many different programs. They are summarized in the consolidated financial statements as follows:

Weatherization

These programs assist low-income families in maintaining and improving the properties which they occupy. Since inception, approximately 206,167 homes have received electrical, plumbing, weatherization, furnace, and/or lead abatement improvements at no or minimal cost to the families. CHN also administers utility assistance programs serving approximately 51,385 clients in 2023. Funding is provided by utility companies and federal, state, and local grants.

Partnerships and Development (Low Income Housing)

CHN forms limited partnerships and utilizes private sector equity generated by the low-income housing tax credits to acquire, develop, lease, and manage properties with the goal of generating pathways out of poverty or providing low-income individuals a 15-year pathway to homeownership. CHN receives federal, state, and local grants and loans which it in turn loans to the partnerships. Since inception, over 6,987 units have been completed.

This program also includes properties that were acquired, developed, and will be sold to low- and moderate-income families where sales price of the properties is based on market value. Through mortgage financing packages arranged by CHN, many families not otherwise able to afford home ownership become homeowners through the program.

Community Resource Center

These programs provide pathways out of poverty for low- and moderate-income households and include social services, training, and counseling. To date, 8,952 families have received foreclosure prevention counseling and/or direct assistance. In addition, 37,371 adults and children to date have participated in financial literacy, homeownership, computer and technology, and after school learning programs available to assist families to gain lasting employment, avoid eviction, and achieve homeownership.

Income Taxes

Net income derived from unrelated business activity by CHN is subject to income taxes.

CHN accounts for uncertain tax positions in accordance with GAAP, which requires recognition of and disclosures related to uncertain tax positions. As of and during the year ended December 31, 2023, CHN does not have a liability for unrecognized tax benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

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 GAAP. Accordingly, such information should be read in conjunction with CHN's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Revenue RecognitionRevenue from Exchange Transactions

CHN's revenue from exchange transactions is included in management fees - affiliated entities and maintenance services - affiliated entities. CHN disaggregates revenue based on the type of good or service provided to partnerships and other third parties. The accompanying consolidated statement of activities shows those disaggregated revenue streams for the year ended December 31, 2023. Accounts receivable from exchange transactions are primarily included in accounts receivable - affiliated entities on the consolidated statement of financial position.

Management fees - affiliated entities primarily consists of the following: 1) developer fees for contract and development services provided to CHN's affiliated limited partnerships during the pre-development and development phases of the projects; 2) construction rehabilitation services provided by CHN to certain limited partnerships in development; and 3) property management services provided to certain limited partnerships in post-development. Developer services are recognized over time upon the completion of specific performance milestones as outlined in the agreements. There is a deferred portion of the developer fee as stated in the contracts. Based on historical experience, the deferred portion of the developer fee is typically constrained by the limited excess cash flow of the limited partnerships and therefore the deferred fee is not included in the transaction price until the consideration is no longer constrained. Construction rehabilitation services are recognized over the construction period using a cost-to-cost input method. Property management agreements/services may include management services, accounting/bookkeeping services, information technology services, and maintenance services and therefore consist of multiple performance obligations. Each performance obligation represents a series of distinct services that are substantially the same and have the same pattern of transfer (a time-based measure of progress over the contract period). The standalone selling price of each performance obligation is identified in the property management agreement.

Differences in the timing of revenue recognition and contractual billing and payment terms result in the recognition of contract assets and liabilities. Contract assets primarily result from developer fee contracts and represent revenues recognized for performance obligations that have been satisfied but for which amounts have not been billed. Contract liabilities or deferred revenue primarily represent cash received that is in excess of revenues recognized and is contingent upon the satisfaction of performance obligations. Contract assets and liabilities are immaterial at December 31, 2023, and January 1, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)Contribution Revenue

Contributions are recognized when the donor makes a promise to give to CHN that is, in substance, unconditional. Conditional promises to give - that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All donor-restricted contributions whose stipulations are met in the year received are recorded as increases in net assets without donor restrictions.

A portion of CHN's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CHN has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statement of financial position. CHN received cost-reimbursable grants of approximately \$50,000,000 that have not been recognized at December 31, 2023, because qualifying expenditures have not yet been incurred, with an advance payment of \$19,075,891 recognized in the consolidated statement of financial position as deferred revenue at December 31, 2023. Grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by CHN with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor.

Rental Income

CHN rents land and buildings held for sale to low-income individuals and is accounted for under Accounting Standards Codification (ASC) 842, *Leases*. Rental income is recorded on a monthly basis through the date of sale.

Adoption of New Accounting Standard - Allowance for Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB Accounting Standards Codification [ASC] 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are trade accounts receivable (accounts receivable - other), mortgages and loans receivable that do not have forgivable features (see Note 5), and guarantees (see Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard - Allowance for Credit Losses (continued)

The Organization adopted the standard effective January 1, 2023, for calendar year end. The impact of the adoption was not considered significant to the consolidated financial statements and primarily resulted in new and enhanced disclosures only.

Accounts Receivable and Mortgages and Loans Receivable and Credit Losses

CHN operates in the housing industry and its accounts receivable - other are primarily derived from low-income housing partnerships for program service fees and are due under varying payment terms. CHN does not charge interest on unpaid accounts receivable - other balances. Its mortgages and loans receivable are primarily derived from low-income individuals and are collateralized by real estate. See Note 5 for payment and interest terms of the mortgages and loans receivable.

At each statement of financial position date, CHN recognizes an expected allowance for credit losses with respect to accounts receivable - other and mortgages and loans receivable. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the accounts receivable - other and mortgages and loan receivables were initially recorded. The allowance estimates are calculated on a pooled basis where similar risk characteristics exist. Accounts receivable - other and mortgages and loans receivable are evaluated individually when they do not share similar characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of CHN's historical losses based on the aging of accounts receivable - other and mortgages and loans receivable. This estimated is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by CHN. CHN believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as CHN's portfolio segments have remained consistent since CHN's inception.

CHN monitors the credit quality of mortgages and loans receivable based on collection experience with the associated low-income individuals. CHN continuously monitors and evaluates the credit standing of the low-income individuals and evaluates the valuation of the real estate that collateralizes the mortgages and loans receivable on at least an annual basis.

CHN writes off accounts receivable - other and mortgages and loans receivable when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery, in accordance with CHN's accounting policy election. The total amount of write-offs was not significant to the consolidated financial statements as a whole for the year ended December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Risk

In 2023, CHN received approximately 46% of its public support from the following grantors and programs: the State of Ohio under Energy Services and Utility Assistance Programs, and Dominion East Ohio under the Housewarming Program. Grants and contracts receivable due from these grantors amounted to approximately 32% of grants and contracts receivable at December 31, 2023.

Accounting Estimates

Management uses estimates and assumptions in preparing its consolidated financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used, and such differences may be material.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash and cash equivalents and restricted cash and cash equivalents (cash) include demand deposits, money market accounts, and other investments with original maturities of three months or less. CHN's cash is held in accounts, the balances of which substantially exceed the amount of related federal insurance.

At December 31, 2023, cash and cash equivalents and restricted cash and cash equivalents as shown on the accompanying consolidated statement of cash flows consisted of the following:

Cash and cash equivalents	\$ 30,667,934
Restricted cash and cash equivalents	<u>10,590,395</u>
	<u>\$ 41,258,329</u>

Inventory

Inventory primarily consists of properties purchased for resale to individuals, affiliated partnerships, and vacant lots, as well as rental properties held by NHS. CHN records its inventory and land and buildings held for sale at the lower of cost or net realizable value and records a reserve for impairment when the expected sales price of the inventory and land and buildings held for sale is below the carrying value of the properties.

Land and Buildings Held for Sale

Land and buildings held for sale include properties received in payment of notes and interest receivable which are recorded at fair value at the date received and held for sale to qualified low-income purchasers. During 2023, approximately 75 of these properties were sold and a loss on the sale of these properties of \$86,297 was reflected in the accompanying consolidated statement of activities. The loss includes the related income from the forgiveness of debt and interest by grantors of debt and deferred interest of approximately \$954,000 relating to these properties. CHN also recorded approximately \$225,000 in sales fee revenue for the property sales in 2023, that was recognized in other interest income and miscellaneous in the accompanying consolidated statement of activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation of building and improvements is provided by use of the straight-line method over the estimated useful life of 27.5 to 40 years. Depreciation of furniture and equipment is provided by use of the straight-line method over the estimated useful lives of the assets of 5 to 7 years.

Functional Allocation of Expenses

The consolidated statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, general contracting expenses, and overhead (including rent, maintenance, and other related costs), which are allocated on the basis of estimates of time and effort.

Leases

The Organization determines if an arrangement is, or contains, a lease at the inception date. In evaluating contracts to determine if they qualify as a lease, CHN considers factors such as if CHN has obtained substantially all of the rights to the underlying asset through exclusivity, if CHN can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based primarily on the present value of lease payments over the lease term. In determining the discount rate used to measure the ROU assets and lease liabilities, CHN uses rates implicit in the lease, when available. If the rate implicit in the lease is not readily available, CHN has elected to use a risk-free rate for all classes of assets. The risk-free rate used is the US Treasury Bill Rate in effect at the commencement of the lease for a similar term. The operating lease ROU assets also include any lease payments made at commencement and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that CHN will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Company elected the practical expedient to account for lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. Payments for non-lease components, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred. Variable lease expense is immaterial for 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through June 28, 2024, the date the consolidated financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of CHN's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CHN's financial assets available to meet cash needs for general expenditures within one year were as follows at December 31, 2023:

Cash and cash equivalents	\$ 30,667,934
Accounts receivable	17,905,936
Mortgages receivable - Net	<u>3,448,024</u>
Total financial assets at year-end	52,021,894
Less: Amounts unavailable for general expenditures within one year (mortgages receivable due after one year)	2,799,438
Less: Donor restricted amounts included in cash (see Note 8)	<u>725,000</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 48,497,456</u>

To help manage unanticipated liquidity needs, CHN has lines of credit available with maximum borrowings of up to \$5,250,000, which can be drawn upon, if necessary, to fund general expenditures within one year. In addition, CHN invests cash in excess of daily requirements in short-term investments.

3. NSP ACQUISITION

On March 1, 2023, under a member substitution agreement, CHN became the sole member of NSP. There was no consideration paid by CHN under this member substitution agreement. The membership substitution agreement was made for the purpose of combining efforts to increase the housing available to citizens of Lorain County who are mentally ill, homeless, low-income or otherwise needy by providing them with the opportunity to obtain safe, decent, affordable and permanent housing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. NSP ACQUISITION (Continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed in the acquisition:

Assets Acquired:	
Cash and cash equivalents	\$ 360,442
Restricted cash and cash equivalents	600,230
Prepaid expenses	14,414
Accounts receivable	22,522
Notes receivable	554,355
Other assets	94,804
Property and equipment	<u>7,615,581</u>
	<u>9,262,348</u>
Liabilities Assumed:	
Accounts payable	417,584
Accrued expenses	1,408,517
Long-term debt and deferred interest	<u>4,661,335</u>
Net assets acquired	6,487,436
Contribution revenue from acquisition	<u>2,774,912</u>
Cash expended	<u><u>\$ _____</u></u>

The membership substitution agreement (acquisition) resulted in the recognition of contribution revenue due to the fair value of the assets acquired being greater than the fair value of the liabilities assumed with no cash consideration exchanged.

4. NOTES RECEIVABLE

Long-term notes receivable are due from various limited partnerships in which CHN's affiliates are general partners. The partnerships acquire, develop, own, operate, lease, and provide tenants with the opportunity to purchase low-income housing after a certain number of years. The properties are developed using low-income housing tax credits. Interest rates on the notes receivable range from 0% to 7.5%. Certain notes require current payments of interest, but a substantial portion of the interest is deferred until the maturity of the notes. All principal payments are deferred until the completion of the fifteen-year requirement for low-income housing tax credits. The due dates of the notes range from 2027 through 2065. The notes are collateralized by the assignment of investor limited partners' notes or mortgages on certain real and personal property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES RECEIVABLE (Continued)

At the due date of the principal, CHN expects, in substantially all cases, to receive partnership properties as repayment for these receivables. CHN will then sell or rent the properties to tenants or other qualified low-income purchasers. In most cases, amounts due to the City of Cleveland by CHN related to these properties are forgiven at the time of sale.

During 2023, CHN received properties as repayment for notes and interest receivable, which were accounted for as follows:

Fair value of homes received	\$ 1,867,250
City and other debt forgiven	954,085
Cash received	1,267,228
Liabilities assumed	(202,226)
Notes and accounts receivable	(2,146,118)
Interest receivable	<u>(2,755,210)</u>
Loss on collection of notes and accounts receivable	<u>\$ (1,014,991)</u>

CHN reviews its long-term notes and interest receivable for collectability whenever events or changes in circumstances indicate that the notes and interest receivable or underlying collateral may not be recoverable. Recoverability is measured by comparison of the notes receivable and deferred interest balances to the expected future sales price of the properties net of assumed debt owed on the properties. If the notes and interest receivable are not considered fully collectible, management records an allowance for estimated losses. No allowance for estimated losses was deemed necessary at December 31, 2023.

5. MORTGAGES AND LOANS RECEIVABLE - NET

CHN provides second and third deferred mortgages to finance the purchase of Homeward homes by low- and moderate-income individuals. No principal is due on these loans. No interest is due on these loans unless the homes are sold within 5 years of ownership. Mortgages provided to buyers of the homes are due in full if the home buyer sells the home within the first 30 years of ownership. Provided the house is not sold for 30 years, the mortgages are forgiven. The mortgages have maturities through 2042. At December 31, 2023, the outstanding balance on these mortgages was approximately \$389,000.

Mortgages are also available to buyers of homes in the lease-purchase program. At December 31, 2023, the outstanding balance on these mortgages was approximately \$3,492,000. The mortgages bear interest at 0%. Mortgages outstanding at December 31, 2023, in the amount of approximately \$2,759,000 are paid monthly and mature between 2024 and 2028. The remaining mortgages receivable outstanding at December 31, 2023, of approximately \$733,000, are due upon the sale of the homes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. MORTGAGES AND LOANS RECEIVABLE - NET (Continued)

For mortgages receivable where monthly payments are due, management reviews payment history to determine whether any receivables are in past due or delinquency status. Additionally, management estimates an allowance for these mortgages receivable as discussed in Note 1. There was approximately \$180,000 allowance for credit losses on mortgages receivable where monthly payments are due at December 31, 2023.

For mortgages receivable where CHN will receive payment upon sale of the properties, CHN reviews these mortgages receivable for collectability whenever events or changes in circumstances indicate that the value of the receivable or the underlying collateral may not be recoverable. Recoverability is measured by comparison of the mortgages receivable balances to the fair value of the properties less other debt owed on the properties. At December 31, 2023, CHN has an allowance for credit losses on these mortgages of approximately \$275,000 and this allowance specifically relates to second and third mortgages on those properties sold under the Homeward program.

NHS provides loans to certain homeowners to finance home improvements who do not qualify for loans from commercial lending sources. The loans provide for annual interest at rates ranging from 0% to 6.5%, mature between 2024 and 2037, and are collateralized by mortgages on the improved properties. Management continually reviews and assesses the collectability of the portfolio. Loans receivable were insignificant at December 31, 2023.

HC provides loans to certain homeowners to finance home improvements who do not qualify for loans from commercial lending sources under recoverable grant funding sources (see Note 6). At December 31, 2023, the outstanding balance on these mortgages was approximately \$763,000. The mortgages bear interest at 0%. Mortgages outstanding are either forgivable loan or provide for deferred payment options. HC has fully reserved fully for these loans at December 31, 2023.

6. NOTES PAYABLE

CHN has lines of credit with two banks and a community development lending institution, totaling \$5,250,000, of which \$2,986,300 was outstanding at December 31, 2023. The interest rates are fixed at 5.50% or are at Prime (8.50% at December 31, 2023), or the Secured Overnight Financing Rate (SOFR) (5.34% at December 31, 2023), plus an applicable margin ranging from .50% to 2.63%. Approximately \$3,300,000 of the total lines may be used for acquisition and construction of properties purchased for inventory. Interest is payable monthly with principal to be repaid from proceeds of properties sold. The balance of the lines is secured by specified assets of CHN, as defined. The notes payable are due, in full, in accordance with the terms of the agreements, with two lines with outstanding balances of \$486,300 maturing in November 2024, one line with outstanding borrowings of \$2,500,000 maturing in November 2026, and another line with no outstanding borrowings maturing in December 2024.

The lines of credit have certain financial covenants, which require the maintenance of a current ratio, as defined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Long-term debt at December 31, 2023, consists of the following:

0% - 6.50% mortgages, payable to the City of Cleveland and the State of Ohio with all interest and principal deferred; due 2024 through 2065; certain of the mortgages have provisions for forgiveness of principal and interest	\$ 20,335,933
0% note, payable to the US Department of Housing and Urban Development with all interest and principal deferred; due June 2054; the mortgage has provisions for forgiveness of principal and interest	5,051,800
0% note, payable to Cuyahoga County with all interest and principal deferred; due May 2044; secured by a mortgage on the property; the mortgage has provisions for forgiveness of principal and interest	350,000
0% notes, payable to Cuyahoga County with all interest and principal deferred; due December 2047; secured by mortgages on the properties; the mortgages have provisions for forgiveness of principal and interest	900,000
0% note, payable to Cuyahoga County with all interest and principal deferred; due December 2044; secured by a mortgage on the property; the mortgage has provisions for forgiveness of principal and interest	450,000
5.09% note, payable to a nonprofit organization with interest and principal deferred; interest compounded annually; due September 2038; collateralized by notes receivable	195,000
0% mortgages, payable to a nonprofit organization with all interest and principal deferred; due December 2026; the mortgages have provisions for forgiveness of principal and interest	543,000
2% note, payable by HC to a foundation with interest paid quarterly and principal deferred, a balloon payment is due December 2030	924,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM DEBT (Continued)

0% recoverable grant, payable by HC to the City of Cleveland to be used to fund the Loan Loss Reserve for the Lead Safe Home Fund	2,000,000
0% note, payable by HC to a foundation with annual payments beginning in year 3, with full payment by 2031	750,000
0% recoverable grant, payable by HC to the Cuyahoga County Land Reutilization Corp to be used to fund the Loan Loss Reserve to support HC's mortgage lending program and to fund home repair loans and grants	2,930,391
2% note, payable by HC to a foundation with interest paid quarterly and principal deferred until December 2023, at which time quarterly principal payments will begin with the final payment due 2031	200,000
2% note, payable by HC to a foundation with interest paid quarterly and principal deferred until December 2023, at which time quarterly principal payments will begin with the final payment due 2031	83,333
4.11% mortgage, payable to a financing institution in monthly payments of principal and interest through April 2034 and secured by Erie Square's assets	678,828
0% note, payable by NSP to the Federal Home Loan Bank of Cincinnati secured by certain real property; due June 2033; repayment is based upon meeting certain cash flow requirements	555,355
0% note, payable by NSP to the Ohio Housing Finance Agency secured by certain real property; due December 2036; repayment is based upon meeting certain cash flow requirements	419,050
0% note, payable by NSP to the Ohio Development Services Agency secured by certain real property; due June 2031; repayment is based upon meeting certain cash flow requirements	166,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM DEBT (Continued)

0% note, payable by NSP to the City of Lorain; secured by a mortgaged property; the mortgage has provision for repayment upon sale of the homes	200,000
0% note, payable by NSP to the Ohio Mental Health & Addiction Services that is forgiven \$2,464 per year, based upon meeting certain operation requirements. The note will be completely forgiven September 2046	57,516
0% note, payable by NSP to the Ohio Housing Finance Agency that is forgiven \$15,167 per year on the anniversary date of the grant, based upon meeting certain requirements. The note will be completely forgiven in May 2044	318,515
3% mortgage, payable to a bank with escalating payment and interest provisions, secured by an open-end mortgage and an assignment of rents, due December 2033	703,669
5.39% note, payable to the South Lorain Community Development Corporation, payable to the extent of surplus cash, due October 2031	200,000
4% note, payable to a nonprofit, interest only payments due monthly, secured by an open-end mortgage and an assignment of rents, full principal due December 2027	1,274,167
Other notes payable	<u>157,367</u>
	39,444,672
Less: Current portion	<u>901,274</u>
	<u>\$ 38,543,398</u>

Future maturities of long-term debt are as follows:

2024	\$ 901,274
2025	1,079,346
2026	538,561
2027	540,869
2028	425,036
Thereafter	<u>35,959,586</u>
	<u>\$ 39,444,672</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. NET ASSETS

Net assets with donor restrictions include endowment funds held in perpetuity whose income is designated for general operations.

It is the investment objective of the Board of Directors to invest (loan) the funds to low-income housing projects in development in the form of notes receivable. The Board invests in cash any endowment funds not invested in (loaned to) these projects.

There was approximately \$500,000 of endowment assets invested in low-income housing projects at December 31, 2023. Invested endowment assets yield the greater of 6% or the Prime rate plus 1% with interest due quarterly. Endowment assets with donor restrictions of approximately \$325,000 at December 31, 2023, are included in cash balances. The income generated from the endowment asset was insignificant for 2023.

Net assets with donor restrictions also includes approximately \$3,190,000 of restricted cash and cash equivalents and loans receivable subject to purpose and time restrictions, whose income is designated for general operations. Net assets with donor restrictions primarily consists of restricted cash and cash equivalents maintained and used as compensating balances at financial institutions participating in loan programs. The restricted cash and cash equivalents included in net assets with donor restrictions were primarily funded by grants received in previous years. After a predetermined length of time, the financial institutions release the linked deposits which are then used as needed for new low interest, linked deposit loans or specific program expenses.

Net assets with donor restrictions also includes contributions from donors of \$400,000 restricted for the Single Family Preservation Support Program.

CHN's net assets without donor restrictions is comprised of undesignated and Board designated amounts at December 31, 2022, for the following purposes:

Undesignated	\$ 36,040,381
Designated for reducing the sale price of homes to future lease purchase buyers	<u>2,350,000</u>
	<u>\$ 38,390,381</u>

9. LEASES

CHN leases office space and office equipment under long-term operating leases through 2029.

For the year ended December 31, 2023, the CHN's operating lease expense was \$570,856.

At December 31, 2023, the weighted average remaining lease term and weighted average discount rate for operating leases was 2.83 years and 1.33%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES (Continued)

At December 31, 2023, future minimum lease payments under non-cancellable leases are as follows:

	<u>Operating Leases</u>
2024	\$ 600,353
2025	451,061
2026	200,774
2027	81,154
2028	19,135
Thereafter	<u>4,917</u>
Total undiscounted cash flows	1,357,394
Less: Present value discount	<u>25,453</u>
Total lease liabilities	<u>\$ 1,331,941</u>

Subsequent to year end, CHN entered into a lease agreement for a new office space, effective July 1, 2024, with lease payments commencing October 1, 2024. The lease term is 10 years.

10. CONTINGENCIES

Litigation

CHN, from time to time, is a defendant in various actions filed by individuals or companies. Management believes that the result of any litigation will not have a material effect on the consolidated financial statements.

11. PROFIT SHARING AND RETIREMENT PLAN SAVINGS

CHN has a 401(k) profit sharing plan covering substantially all employees. The plan requires an employer contribution of 3% of all eligible wages. Employer contributions for 2023, amounted to approximately \$341,000. The plan also allows for additional contributions at the discretion of the Board of Trustees. There were no discretionary contributions for 2023.

NHS and NSP have 403(b) retirement savings plans. When CHN acquired NHS and NSP, employees of NHS and NSP became employees of CHN and became eligible to participate in CHN's profit sharing plan, therefore only a few employees remain in the NHS and NSP retirement savings plan at December 31, 2023. There were no employer contributions to the NHS and NSP retirement savings plan in 2023.

12. RELATED PARTY TRANSACTIONS

During the ordinary course of its business, CHN conducts transactions with related parties. During 2023, CHN paid \$400,658 for administration of utility assistance programs to its neighborhood constituent community development corporations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS (Continued)

In 2023, CHN charged the affiliated partnerships \$80,630 for accounting services.

Revenue included in management fees and maintenance service on the consolidated statement of activities are substantially received from affiliated entities.

13. GUARANTEES AND CAPITAL CONTRIBUTION COMMITMENTS

CHN has guaranteed loans for four of its affiliated partnerships as follows:

<u>Partnership</u>	<u>Amount Outstanding at December 31, 2023</u>	<u>Source of Loan</u>
McGregor Independent Living LP	\$ 3,358,215	Bank
Larchmere Homes	\$ 6,329,819	Bank
Cleveland Scholar House	\$ 5,262,016	Bank
Cuyahoga TAY	\$ 412,968	Bank

The term of the guarantees is the life of the loans through the construction periods, which are expected to mature in 2024. In addition to the guarantee, the loans are collateralized by mortgages on the partnerships' properties for the project. The guarantees were made to assist the partnerships in obtaining construction financing for housing projects for which CHN is the developer. CHN would be required to perform under the guarantees if the partnerships defaulted on their loans. The maximum potential amount to be owed would be the balance of the loan plus accrued interest. CHN would expect the amount due to be reduced by the proceeds of the sale of the partnerships' collateral.

CHN has also committed approximately \$572,000 in the way of capital contributions to affiliated partnerships as of December 31, 2023.

CHN HOUSING PARTNERS AND AFFILIATES

DECEMBER 31, 2023

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title/Identifying Number</u>	<u>Assistance Listing #</u>	<u>Expenditures</u>
United States Department of Energy passed through the State of Ohio		
Home Weatherization Assistance Program - 22-111	81.042	\$ 532,329
Home Weatherization Assistance Program - 23-111	81.042	731,984
Home Weatherization Assistance Program - WRF 2023-111	81.042	<u>89,890</u>
Total United States Department of Energy		<u>1,354,203</u>
United States Department of Health and Human Services passed through United Way		
Family Stability Initiative – FSI	93.558	466,942
United States Department of Health and Human Services passed through Cuyahoga County		
Utility Assistance Program - CE1700021 (\$11,200 passed through to subrecipients)	93.558	<u>23,641</u>
		<u>490,583</u>
United States Department of Health and Human Services passed through the State of Ohio		
Home Energy Assistance Program - 23-HA-135 (\$273,475 passed through to subrecipients)	93.568	1,577,773
Home Energy Assistance Program - 24-HA-135 (\$115,983 passed through to subrecipients)	93.568	728,549
Home Weatherization Assistance Program - WCP 2024-135	93.568	93,699
Low Income Home Weatherization Assistance Program -LIHWAP 2021-135	93.568	997,513
Home Weatherization Assistance Program - 22-111	93.568	1,320,506
Home Weatherization Assistance Program - 23-111	93.568	1,095,210
Home Weatherization Assistance Program - 22-HE-111	93.568	634,241
Home Weatherization Assistance Program - 23-HE-111	93.568	<u>859,239</u>
		<u>7,306,730</u>
Total United States Department of Health and Human Services		<u>7,797,313</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title/Identifying Number</u>	<u>Assistance Listing #</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development passed through the City of Cleveland Foreclosure Prevention Counseling	14.218	67,289
United States Department of Housing and Urban Development passed through the City of Detroit Housing Counseling Programs	14.218	<u>140,663</u> <u>207,952</u>
United States Department of Housing and Urban Development passed through Housing Partnership Network Housing Counseling Programs	14.169	<u>35,626</u>
United States Department of Housing and Urban Development passed through the Ohio Housing Finance Agency Community Housing Development Grant	14.239	200,000
United States Department of Housing and Urban Development passed through Cuyahoga County Down Payment Assistance	14.239	<u>293,832</u> <u>493,832</u>
Total United States Department of Housing and Urban Development		<u>737,410</u>
United States Department of Treasury passed through Cuyahoga County passed through Enterprise Community Partners Low Income Tax Assistance	21.009	<u>46,301</u>
United States Department of Treasury passed through Cuyahoga County COVID-19 Emergency Rental Assistance Program	21.023	888,097
United States Department of Treasury passed through the City of Cleveland COVID-19 Emergency Rental Assistance Program	21.023	<u>1,256,788</u> <u>2,144,885</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title/Identifying Number</u>	<u>Assistance Listing #</u>	<u>Expenditures</u>
United States Department of Treasury passed through the State of Ohio COVID-19 ARPA Homeowner Assistance Fund	21.026	3,249,915
United States Department of Treasury passed through the City of Detroit COVID-19 ARPA Homeowner Assistance Fund	21.026	1,066,245
United States Department of Treasury passed through the City of Euclid COVID-19 ARPA Homeowner Assistance Fund	21.026	91,831
United States Department of Treasury passed through the City of North Olmstead COVID-19 ARPA Homeowner Assistance Fund	21.026	<u>22,500</u>
		<u>4,430,491</u>
United States Department of Treasury passed through NeighborWorks COVID-19 Response	21.000	<u>424,071</u>
United States Department of Treasury passed through CDFI Fund Technical Assistance Grant	21.020	<u>125,000</u>
United States Department of Treasury passed through CDFI Fund CDFI Technical Recovery Program	21.033	<u>33,750</u>
Total United States Department of Treasury		<u>7,204,498</u>
Total Federal Expenditures		<u>\$ 17,093,424</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2023

SECTIONS II and III - FINANCIAL STATEMENT FINDINGS AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-01

CONDITION: During 2022, procedures were not in place to ensure general ledger accounts were reconciled and reviewed on a timely basis. As a result, financial reports were not filed timely to third parties.

CRITERIA: Systems and procedures should provide for reconciliation and review of general ledger accounts to occur on a timely basis to allow for accurate and timely preparation of financial reports.

CAUSE: Systems and procedures were not in place to ensure general ledger accounts were reconciled and reports were filed timely to third parties.

EFFECT: With no procedures in place to ensure timely reconciliation and review of general ledger accounts, there is potential that financial reports will be misstated and not filed timely to third parties.

RECOMMENDATION: Systems and procedures should be established by management to allow for timely reconciliation and review of general ledger accounts.

CURRENT YEAR STATUS: CHN Housing Partners and Affiliates continues to analyze the needs of the accounting department to ensure the timely reconciliation of the general ledger and reporting to third parties. CHN Housing Partners and Affiliates has increased staffing and resources in the accounting department as noted during the 2023 audit.

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*

Board of Directors
CHN Housing Partners and Affiliates

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 CHN Housing Partners (a nonprofit organization) and Affiliates which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CHN Housing Partners and Affiliates' 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cleveland, Ohio
June 28, 2024

Cohen & Company Ltd.

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

Board of Directors
CHN Housing Partners and Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited CHN Housing Partners and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CHN Housing Partners and Affiliates' major federal programs for the year ended December 31, 2023. CHN Housing Partners and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

CHN Housing Partners and Affiliates' basic financial consolidated statements include the operations of Erie Square Apartments Limited Partnership, which expended federal awards which are not included in CHN Housing Partners and Affiliates' schedule of expenditures of federal awards during the year ended December 31, 2023. Our audit, described below, did not include the operations of Erie Square Apartments Limited Partnership because CHN Housing Partners and Affiliates engaged other auditors to perform an audit of compliance.

In our opinion, CHN Housing Partners and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 CHN Housing Partners and Affiliates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CHN Housing Partners and Affiliates' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 express an opinion on CHN Housing Partners and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CHN Housing Partners and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 CHN Housing Partners and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CHN Housing Partners and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CHN Housing Partners and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies internal control over compliance may exist that were not identified.

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

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

Cohen & Company Ltd.

Cleveland, Ohio
June 28, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None

Noncompliance material to consolidated financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None

Type of auditor's report issued on compliance for major programs:		Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, section 200.516?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Identification of major program:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.023	COVID-19 Emergency Rental Assistance Program
21.026	COVID-19 ARPA Homeowner Assistance Fund
81.042	Home Weatherization Program

Dollar threshold used to distinguish between Type A and Type B programs:		\$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ No
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CHN Housing Partners and Affiliates under the 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 CHN Housing Partners and Affiliates, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of CHN Housing Partners and Affiliates.

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 wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CHN Housing Partners and Affiliates have not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report on Supplementary Financial Information

Board of Directors
CHN Housing Partners and Affiliates

We have audited the consolidated financial statements of CHN Housing Partners and Affiliates as of and for the year ended December 31, 2023, and our report thereon dated June 28, 2024, which expressed an unmodified opinion on those consolidated financial statements appears on pages 2 - 4. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information on pages 41 - 47 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Cohen & Company Ltd.

Cleveland, Ohio
June 28, 2024

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	CHN Housing Partners	CHN Housing Capital	New Sunrise Properties, Inc	Subsidiaries and Affiliates	Eliminations	Consolidated		CHN Housing Partners	CHN Housing Capital	New Sunrise Properties, Inc	Subsidiaries and Affiliates	Eliminations	Consolidated
ASSETS							LIABILITIES AND NET ASSETS						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents	\$ 26,551,227	\$ 2,201,163	\$ 144,430	\$ 1,771,114		\$ 30,667,934	Current portion of notes payable	\$ 486,300					\$ 486,300
Accounts receivable							Current portion of long-term debt	7,560	\$ 130,310	\$ 218,117	\$ 545,287		\$ 901,274
Affiliated entities	10,287,841	700,000	352,909	10,613	\$ (3,566,403)	7,784,960	Current portion of deferred interest payable						
Other	2,053,323	39,660		316,377		2,409,360	Current portion of operating lease liabilities	575,242					575,242
Grants and contracts	7,102,885	523,409	85,322			7,711,616	Accounts payable and accrued expenses						
Current portion of mortgages and loans receivable	105,901	517,317		25,368		648,586	Trade	2,024,380	132,041	53,744	197,495		2,407,660
Inventory - Net			5,530	72,888		78,418	Affiliated entities	1,567,609	677,335	135,988	1,885,471	\$ (3,566,403)	700,000
Prepaid and other assets	3,035,638	15,504	13,181	45,215	(1,747,500)	1,362,038	Other	2,581,060	829,647	199,356	443,292		4,053,355
Land and buildings held for sale	4,923,360					4,923,360	Deferred revenue	17,765,921	919,652	925			18,686,498
	<u>54,060,175</u>	<u>3,997,053</u>	<u>601,372</u>	<u>2,241,575</u>	<u>(5,313,903)</u>	<u>55,586,272</u>		<u>25,008,072</u>	<u>2,688,985</u>	<u>608,130</u>	<u>3,071,545</u>	<u>(3,566,403)</u>	<u>27,810,329</u>
PROPERTY AND EQUIPMENT - AT COST							LONG-TERM LIABILITIES						
Land			591,304	1,189,571		1,780,875	Notes payable	2,500,000					2,500,000
Building and improvements			2,392,707	13,491,319		15,884,026	Long-term debt	27,818,173	6,757,501	1,499,465	3,801,999	(1,333,740)	38,543,398
Furniture and equipment	898,659	43,275	1,921	23,051		966,906	Deferred interest payable	1,486,227			2,243,331	(869,199)	2,860,359
Less: Accumulated depreciation	(812,068)	(43,275)	(74,292)	(4,978,002)		(5,907,637)	Operating lease liabilities	756,699					756,699
	<u>86,591</u>	<u></u>	<u>2,911,640</u>	<u>9,725,939</u>	<u></u>	<u>12,724,170</u>		<u>32,561,099</u>	<u>6,757,501</u>	<u>1,499,465</u>	<u>6,045,330</u>	<u>(2,202,939)</u>	<u>44,660,456</u>
								<u>57,569,171</u>	<u>9,446,486</u>	<u>2,107,595</u>	<u>9,116,875</u>	<u>(5,769,342)</u>	<u>72,470,785</u>
OTHER ASSETS							NET ASSETS						
Restricted cash and cash equivalents		5,143,525	405,569	5,041,301		10,590,395	Without donor restrictions	30,257,524	1,642,347	3,536,545	4,701,465	(1,747,500)	38,390,381
Long-term notes receivable - Net	21,673,327		1,340,065		(1,333,740)	21,679,652	With donor restrictions	1,225,000			3,190,475		4,415,475
Investments in limited partnerships	7,621,469		385,494			8,006,963		<u>31,482,524</u>	<u>1,642,347</u>	<u>3,536,545</u>	<u>7,891,940</u>	<u>(1,747,500)</u>	<u>42,805,856</u>
Mortgages and loans receivable - Net	851,183	1,948,255				2,799,438							
Operating lease right-of-use assets	1,291,616					1,291,616							
Interest receivable - Deferred	3,467,334				(869,199)	2,598,135							
	<u>34,904,929</u>	<u>7,091,780</u>	<u>2,131,128</u>	<u>5,041,301</u>	<u>(2,202,939)</u>	<u>46,966,199</u>							
	<u>\$ 89,051,695</u>	<u>\$ 11,088,833</u>	<u>\$ 5,644,140</u>	<u>\$ 17,008,815</u>	<u>\$ (7,516,842)</u>	<u>\$ 115,276,641</u>		<u>\$ 89,051,695</u>	<u>\$ 11,088,833</u>	<u>\$ 5,644,140</u>	<u>\$ 17,008,815</u>	<u>\$ (7,516,842)</u>	<u>\$ 115,276,641</u>

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	CHN Housing Partners	CHN Housing Capital	New Sunrise Properties, Inc	Subsidiaries and Affiliates	Eliminations	Total
REVENUES						
Public support	\$ 35,292,563	\$ 2,158,331	\$ 567,145	\$ 66		\$ 38,018,105
Rental income	2,423,056		236,244	2,214,972		4,874,272
Management fees - Affiliated entities	15,323,614		275,416		\$ (1,061,930)	14,537,100
Interest income - Affiliated entities	483,779					483,779
Net gains on sale of inventory and land and buildings	273,644			127,318		400,962
Maintenance services - Affiliated entities	868,540			367,973		1,236,513
Other interest income and miscellaneous	2,523,977	273,475	59,130	25,413		2,881,995
	<u>57,189,173</u>	<u>2,431,806</u>	<u>1,137,935</u>	<u>2,735,742</u>	<u>(1,061,930)</u>	<u>62,432,726</u>
OPERATING EXPENSES						
Program services	52,361,238	2,728,727	1,029,504	3,209,142	(1,061,930)	58,266,681
Supporting services						
Management and general	2,522,454					2,522,454
Fundraising	813,724					813,724
	<u>55,697,416</u>	<u>2,728,727</u>	<u>1,029,504</u>	<u>3,209,142</u>	<u>(1,061,930)</u>	<u>61,602,859</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,491,757	(296,921)	108,431	(473,400)		829,867
ACQUISITION OF CONTROLLING INTEREST IN SUBSIDIARY NET ASSETS ASSUMED			3,428,114	(653,202)		2,774,912
LOSS ON COLLECTION OF NOTES AND ACCOUNTS RECEIVABLE	<u>(1,014,991)</u>					<u>(1,014,991)</u>
CHANGE IN NET ASSETS	476,766	(296,921)	3,536,545	(1,126,602)		2,589,788
CONTRIBUTIONS				130,000	(130,000)	
NET ASSETS - BEGINNING OF THE YEAR	<u>31,005,758</u>	<u>1,939,268</u>		<u>8,888,542</u>	<u>(1,617,500)</u>	<u>40,216,068</u>
NET ASSETS - END OF THE YEAR	<u>\$ 31,482,524</u>	<u>\$ 1,642,347</u>	<u>\$ 3,536,545</u>	<u>\$ 7,891,940</u>	<u>\$ (1,747,500)</u>	<u>\$ 42,805,856</u>

SCHEDULE OF OHIO DEVELOPMENT SERVICES AGENCY ADMINISTERED GRANTS

DECEMBER 31, 2023

<u>Grant Name</u>	<u>Number</u>	<u>Cash Received</u>	<u>Expenses Charged</u>	<u>Remaining Grant Balance</u>
Housing Trust Fund	S-R-22-7DR-1	\$ 400,091	\$ 400,091	\$ 149,909
Housing Trust Fund	S-Y-21-7DR-1	\$ 61,300	\$ 61,300	\$

SCHEDULE OF LONG-TERM NOTES RECEIVABLE

DECEMBER 31, 2023

<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Cleveland New Homes LP	\$ 324,000	5%	December 2027
Cleveland Green Homes East LP	1,067,610	0.5%	January 2041
Cleveland Green Homes East LP	492,330	2%	January 2041
Cleveland Green Homes LP	636,000	0.5%	January 2041
Cleveland Green Homes LP	396,000	2%	January 2041
Cleveland Green Homes II LP	3,789,317	1.85%	July 2060
Cleveland NSP Homes LP	4,750,000	1.15%	December 2062
Cleveland NSP Homes LP	1,250,000	1.15%	December 2062
Edgewood Park LP	750,000	2%	December 2037
Emerald Alliance VII LP	1,601,000	2%	June 2043
International Village LP	425,182	2.25%	January 2025
Cleveland Green Homes III LP	387,000	7.5%	December 2044
Emerald Alliance VI LP	420,783	0%	December 2044
Maple Park Place LP	450,000	0.25%	December 2044
Emerald Alliance VIII LP	200,000	0%	December 2046
Emerald Alliance VIII LP	300,000	0%	December 2046
Westerly III LP	350,000	0.25%	December 2064
Emerald Alliance IX LP	450,000	0%	December 2047
Hough Heritage LP	450,000	0%	December 2047

SCHEDULE OF LONG-TERM NOTES RECEIVABLE (Continued)

DECEMBER 31, 2023

<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Eastside Neighborhood Homes LP	235,575	2%	April 2049
Emerald Alliance XI LP	199,500	3.5%	December 2050
Menwa Apartments LP	200,000	2.5%	December 2060
Pinzone Towers LP	2,000,000	2%	March 2065
NSP Notes	555,355	Various	Various
	<u>\$ 21,679,652</u>		

SCHEDULE OF NOTES PAYABLE

DECEMBER 31, 2023

<u>Lender</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Total Line of Credit Available</u>	<u>Amount Outstanding at December 31, 2023</u>
Key Bank	Prime + .5%	November 2024	\$ 1,200,000	
Key Bank	Prime + .5%	November 2024	800,000	\$ 486,300
Huntington Bank	SOFR + 2.63%	December 2024	750,000	
Housing Partnership Network	5.5%	November 2026	<u>2,500,000</u>	<u>2,500,000</u>
			<u>\$ 5,250,000</u>	<u>\$ 2,986,300</u>

SCHEDULE OF MORTGAGES PAYABLE TO CITY OF CLEVELAND
AND STATE OF OHIO

DECEMBER 31, 2023

Description	Interest Rate	Due Date	Amount
P1	0%	*	\$ 2,500
P2	0%	*	12,500
P7 (State)	0%	2032	40,000
P8 (State)	0%	*	7,560
P16	0%	2026	76,923
P17	0%	2027	22,000
P17 (State loan)	0%	*	5,550
P18	0%	2028	42,000
P18 (State loan)	0%	*	16,875
P19/Erievew Homes	0%	*	60,000
P19/Erievew Homes (State loan)	0%	*	74,209
P20	0%	2030	132,000
Cleveland New Homes	0%	2027	324,000
P21	0%	2031	198,000
NC3	0%	2033	168,000
Erie Square	0%	2037	500,000
Erievew Homes II	0%	2034	210,000
Slavic Village Homes	0%	2034	102,000
Stockyard Homes	0%	2033	42,000
Cleveland Green Homes	0%	2039	636,000
Cleveland Green Homes (State)	2%	*	396,000
Cleveland Green Homes East	0%	2040	1,090,280
Cleveland Green Homes East (State)	2%	*	508,000
Edgewood Park (State)	2%	2038	750,000
Eastside Neighborhood Homes	2%	2033	228,594
Cleveland Green Homes II (State)	1.5%	2060	3,782,157
Cleveland NSP Homes	0%	2062	6,000,000
Cleveland Green Homes III	0%	2044	387,000
Emerald Alliance VI	0%	2044	420,785
Emerald Alliance VII	0%	2043	500,000
Emerald Alliance VII (State)	2%	2043	1,101,000
Emerald Alliance VIII	0%	2046	200,000
Emerald Alliance VIII	0%	2046	300,000
Pinzone Towers LP	2%	2065	<u>2,000,000</u>
			<u>\$ 20,335,933</u>

* Interest and principal to be forgiven upon tenants' exercise of the lease purchase provision.