

# **Orange County Community Housing Corporation**

**Financial Statements with Report of Independent Auditors  
For the year ended December 31, 2021 with comparative totals  
as of and for the year ended December 31, 2020**

ORANGE COUNTY COMMUNITY HOUSING CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
Orange County Community Housing Corporation  
Santa Ana, California:

**Opinion**

We have audited the accompanying consolidated financial statements of Orange County Community Housing Corporation (a California non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Orange County Community Housing Corporation as of December 31, 2021 and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Orange County Community Housing Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted 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 Orange County Community Housing Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orange County Community Housing Corporation's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 34 through 42 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.

The Schedule of Market Values of Occupied Properties (Unaudited) on page 43 has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

### **Report on Summarized Comparative Information**

We have previously audited Orange County Community Housing Corporation's 2020 consolidated financial statements, and our report dated September 14, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Changes in Accounting Principles**

As discussed in Note 2 to the financial statements, Orange County Community Housing Corporation adopted changes in ASU 2020-07 related to the presentation and disclosure of contributed nonfinancial assets. Our opinion is not modified with respect to those matters.

*Novogradac & Company LLP*

Petaluma, California  
November 17, 2022

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidated Statement of Financial Position

December 31, 2021 with summarized totals for December 31, 2020

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,571,652	\$ 2,526,752
Restricted cash	324,631	314,628
Accounts receivable, net	157,928	58,452
Miscellaneous receivables	277,531	237,652
Prepaid rent, current portion	-	3,500
Prepaid expenses	13,136	12,005
Land lease receivable	253,797	258,478
Total Current Assets	<u>3,598,675</u>	<u>3,411,467</u>
Property and Equipment:		
Building and improvements	15,258,176	15,258,176
Land and improvements	18,417,909	18,417,909
Furniture and fixtures	89,885	89,885
Vehicle	14,144	14,144
Total Property and Equipment	<u>33,780,114</u>	<u>33,780,114</u>
Accumulated depreciation	<u>(10,008,387)</u>	<u>(9,674,850)</u>
Net Property and Equipment	<u>23,771,727</u>	<u>24,105,264</u>
Other Assets:		
Prepaid rent, net of current portion	-	64,751
Note receivable	613,359	-
Investment in Paramount FIHP, L.P.	(128)	(94)
Investment in Vientos De Oro, L.P.	260,401	(8,538)
Investment in Anillo De Oro, L.P.	118,119	(160)
Investment in CDFI	52,500	52,000
Investments in securities	113,988	112,855
Quasi-endowment and Endowments	812,932	704,831
Total Other Assets	<u>1,971,171</u>	<u>925,645</u>
Total Assets	<u><u>\$ 29,341,573</u></u>	<u><u>\$ 28,442,376</u></u>

See accompanying notes.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidated Statement of Financial Position (continued)

December 31, 2021 with summarized totals for December 31, 2020

	2021	2020
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 613,464	\$ 131,612
Accounts payable - other	4,543	6,237
Rent advance	11,810	-
Notes payable, current portion	1,004,576	996,300
SBA PPP Loan	-	208,397
Accrued interest payable, current portion	838,386	798,732
Deferred rent payable, current portion	-	3,500
Deferred ground lease revenue, current portion	39,286	39,286
Total Current Liabilities	2,512,065	2,184,064
Long-Term Liabilities:		
Notes payable, net of current portion	12,547,330	13,417,567
Accrued interest payable, net of current portion	675,112	640,246
Deferred rent payable, net of current portion	-	64,751
Deferred ground lease revenue, net of current portion	683,570	502,856
Tenant deposits payable	230,619	232,498
Total Long-Term Liabilities	14,136,631	14,857,918
Total Liabilities	16,648,696	17,041,982
Net Assets:		
Without Donor Restrictions		
Controlling interests	6,942,427	5,843,277
Controlling interests - Quasi-endowment	305,955	249,651
Non-controlling interests	4,848,907	4,838,540
With Donor Restrictions		
Endowments	506,977	438,315
Other net assets with donor restrictions	88,611	30,611
Total Net Assets	12,692,877	11,400,394
Total Liabilities and Net Assets	\$ 29,341,573	\$ 28,442,376

See accompanying notes.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidated Statement of Activities

Year Ended December 31, 2021 with summarized totals for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals 2021	Totals 2020
<b>REVENUES</b>				
Revenues and Other Support:				
Low-income housing rent and laundry revenue	\$ 3,653,329	\$ -	\$ 3,653,329	\$ 3,627,504
Contributions and grants	612,188	58,000	670,188	436,285
In-kind contributions	5,770	-	5,770	17,071
PPP loan forgiveness	200,079	-	200,079	-
Mortgage forgiveness	634,500	-	634,500	-
Investment income	109,915	68,662	178,577	56,744
Fund-raising, net of direct expenses of \$6,036	1,964	-	1,964	47,556
Office rent, net	95,004	-	95,004	92,592
Miscellaneous income	27,439	-	27,439	23,589
Paramount FIHP, L.P.	(34)	-	(34)	(32)
Vientos De Oro, L.P.	(12,678)	-	(12,678)	(21,908)
Anillo De Oro, L.P.	-	-	-	(80)
Land lease income	73,083	-	73,083	77,764
Partnership management fee revenue	28,141	-	28,141	27,321
Revenues and Other Support	5,428,700	126,662	5,555,362	4,384,406
Total Revenues	5,428,700	126,662	5,555,362	4,384,406
<b>EXPENSES</b>				
Functional Expenses				
Program services	3,656,112	-	3,656,112	3,248,329
Supporting services / management and general	330,308	-	330,308	254,451
Supporting services / fund-raising	173,067	-	173,067	182,075
Total Functional Expenses	4,159,487	-	4,159,487	3,684,855
<b>CHANGE IN NET ASSETS</b>				
Net increase in net assets	1,269,213	126,662	1,395,875	699,551
Net assets, as of the beginning of the year	10,931,468	468,926	11,400,394	10,700,843
Distributions to non-controlling interests	(103,392)	-	(103,392)	-
Net assets, as of the end of the year	<u>\$ 12,097,289</u>	<u>\$ 595,588</u>	<u>\$ 12,692,877</u>	<u>\$ 11,400,394</u>

See accompanying notes.



**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2021 with summarized totals for the Year Ended December 31, 2020

EXPENSES BY FUNCTION	PROGRAM SERVICES		SUPPORTING SERVICES		Totals	Totals
	Housing, Stepping Up, Scholarships, and Family Mentoring	84 New ETHIC LLC	Management and General	Fund-raising	2021	2020
Salaries and wages	\$ 454,375	\$ -	\$ 50,406	\$ 140,922	\$ 645,703	\$ 578,684
Employee benefits	164,430	-	7,472	14,049	185,951	181,547
Employee leasing	84,118	-	2,797	5,268	92,183	86,048
Association dues	89,302	-	-	-	89,302	96,209
Auto reimbursement	3,400	-	278	523	4,201	7,763
Bad debts	37,725	-	-	-	37,725	52,138
College awareness and testing	47,659	-	-	-	47,659	26,872
Conferences	280	-	-	-	280	170
Contributions	6,470	-	-	-	6,470	25,071
Depreciation	333,024	-	178	335	333,537	335,099
Dues and Subscriptions	1,966	-	288	543	2,797	2,514
Family mentoring	12,567	-	-	-	12,567	-
Information technology	22,463	-	2,345	4,417	29,225	16,077
Insurance	120,786	21,388	61,458	156	203,788	188,197
Interest	354,111	-	-	-	354,111	371,533
Janitorial	14,526	-	-	-	14,526	16,146
Maintenance	554,465	-	-	-	554,465	500,792
Property management fee	82,440	-	-	-	82,440	-
Marketing	3,508	-	155	291	3,954	8,179
Miscellaneous	12,572	-	10,391	2,477	25,440	25,856
Office supplies and expense	26,136	315	2,170	4,086	32,707	48,675
Professional services	-	16,733	189,162	-	205,895	169,117
Property taxes	248,335	-	-	-	248,335	245,938
Rent expenses-other	2,625	-	56	-	2,681	3,505
Repairs	528,358	-	-	-	528,358	295,904
Residuals	46,698	-	-	-	46,698	40,283
SAT	-	-	-	-	-	3,934
State Franchise Tax	-	800	2,483	-	3,283	3,200
Tenant relief	-	-	-	-	-	15,000
Tenant credit reports	-	-	669	-	669	290
Utilities	364,537	-	-	-	364,537	340,114
Total Expenses by Function	\$ 3,616,876	\$ 39,236	\$ 330,308	\$ 173,067	\$ 4,159,487	\$ 3,684,855

See accompanying notes.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidated Statement of Cash Flows

Year Ended December 31, 2021 with summarized totals for the Year Ended December 31, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,395,875	\$ 699,551
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	333,537	335,099
PPP loan forgiveness	(200,079)	-
Mortgage forgiveness	(634,500)	-
Net unrealized gains	(115,745)	(53,579)
Flow through loss from partnership investments	12,712	22,020
(Increase) decrease in assets:		
Accounts receivable, net	(99,476)	(34,699)
Miscellaneous receivables	(39,879)	(11,897)
Prepaid rent	68,251	3,500
Prepaid expenses	(1,131)	9,476
Land lease receivable	4,681	(38,478)
Increase (decrease) in liabilities:		
Accounts payable	481,852	9,843
Accounts payable - other	(1,694)	(17,355)
Accrued interest payable	74,520	24,907
Deferred rent payable	(68,251)	(3,500)
Deferred ground lease	180,714	180,714
Rent advance	11,810	-
Tenant deposits payable	(1,879)	(19,299)
Net cash provided by operating activities	1,401,318	1,106,303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(1)
Purchase of investment in CDFI	(500)	(500)
Equity contribution to Vientos De Oro, LP	(281,617)	(180)
Equity contribution to Anillo De Oro, L.P.	(118,279)	-
Interest and dividends reinvested, net of investment fees	6,511	3,566
Purchase of note receivable	(613,359)	-
Net cash (used in) provided by investing activities	(1,007,244)	2,885
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments of notes payable	(235,779)	(74,288)
Distributions to non-controlling interests	(103,392)	-
Net cash used in financing activities	(339,171)	(74,288)
Net change in cash, cash equivalents and restricted cash	54,903	1,034,900
Cash, cash equivalents and restricted cash at beginning of year	2,841,380	1,806,480
Cash, cash equivalents and restricted cash at end of year	\$ 2,896,283	\$ 2,841,380
Cash and cash equivalents	\$ 2,571,652	\$ 2,526,752
Restricted cash	324,631	314,628
Total cash, cash equivalents and restricted cash	\$ 2,896,283	\$ 2,841,380
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid for interest	\$ 249,591	\$ 316,626

See accompanying notes.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

1. Organization

**Mission** - Orange County Community Housing Corporation (the “Organization”) is a California nonprofit public benefit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The Organization was organized in 1977 to provide housing and related services to low and very low income persons. The Organization currently owns and operates twenty-three apartment buildings, which aggregate two hundred twenty-eight units, thirteen condominium units, and four single-family residences. These units are rented to qualified low-income families at partially subsidized rents. The Organization also manages eight units for the City of Garden Grove.

**Management** - During 2021, the Organization celebrated 44 years of service to low and very low income families and also its ninth year under the leadership of Executive Director, Nora Mendez. Ms. Mendez succeeded founding Executive Director, Allen Baldwin, who remains with the organization in an advisory capacity.

**Collaboration, Family Mentoring and Education** - Always determined to provide affordable housing for more low-income families, the Organization entered into an operating agreement with SBC Community Homeless Coalition, a California nonprofit public benefit corporation, and American Riding Club for the Handicapped, also a California nonprofit public benefit corporation. Together with Paramount Family Irvine Housing Partners, L.P. (“PFIHP”), 84-unit affordable units in the Great Park of the City of Irvine were completed. Construction began in June 2016, and was completed in September 2017. The Organization also provides the necessary services to assist in fighting poverty through its signature program “Stepping Up”. This program integrates educational opportunities and family mentoring, through its scholarship programs, by encouraging low-income families to improve their education, job skills, health care, and financial literacy.

**84 New ETHIC LLC** - Formed on December 22, 2015, Orange County Community Housing Corporation is the managing member with a 60% ownership interest. The purpose of the entity is to: (a) enter into a purchase and sale agreement for the acquisition of vacant land in Irvine, California (the “Land”), (b) enter into a ground lease of the Land with the Partnership, (c) acquire a long-term loan with the Partnership and (d) obtain an option to purchase the development.

2. Summary of significant accounting policies

Basis of accounting

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

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

2. Summary of significant accounting policies (continued)

Basis of presentation (continued)

***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Principles of consolidation

The Organization's consolidated financial statements include the accounts of the Organization and its wholly and majority-owned, controlled subsidiaries.

The Organization, controls the following consolidated entities (the "Consolidated Entities") in which the Organization is the controlling member:

- 84 New ETHIC LLC (60% owner)
- OCCHC Paramount LLC (100% owner)
- OCCHC-Golden Circle LLC (100% owner)
- OCCHC-Anillo De Oro LLC (100% owner)

All material intercompany balances and transactions have been eliminated.

Investment in partnership – equity method

The Organization uses the equity method of accounting for its investment in each limited partnership in which its LLCs have an ownership interest. The Organization has significant influence over, but not control of the major operating and financial policies of each partnership. Under this method, the Organization's share of income, losses, and distributions incurred by each partnership is recognized as an increase or reduction of the carrying value of the investment. Impairment losses other than temporary impairment are recorded even if it reduces the investment more than what would have been recognized in the normal application of the equity method.

The following limited partnerships are recorded under the equity method:

<u>LLC</u>	<u>% of ownership</u>	<u>Limited Partnership</u>	<u>% of ownership</u>
OCCHC Paramount, LLC	100%	PFIHP	0.005%
OCCHC-Golden Circle, LLC	100%	Vientos De Oro, LP ("Vientos")	50%
OCCHC-Anillo De Oro, LLC	100%	Anillo De Oro, LP ("Anillo")	0.001%

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

2. Summary of significant accounting policies (continued)

Estimates

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

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits and refunds of tenant security deposits.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2021, the balance of the allowance for doubtful accounts was \$76,399.

Fair value measurements

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

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

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

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

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

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

The following tables present the Organization's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2021:

	December 31, 2021			
	Level 1	Level 2	Level 3	Fair Value Measurements
Investments in Certificates of Deposit at Fair Value	\$ 113,988	\$ -	\$ -	\$ 113,988
Beneficial interest in assets held by others at Fair Value	-	-	812,932	812,932
Total assets	<u>\$ 113,988</u>	<u>\$ -</u>	<u>\$ 812,932</u>	<u>\$ 926,920</u>

The cost of investments and endowments, and market value, at December 31, 2021, are as follows:

	2021	
	Cost	Market Value
Investments in Certificates of Deposit	\$ 113,988	\$ 113,988
Beneficial interest in assets held by others	462,664	812,932
Total	<u>\$ 576,652</u>	<u>\$ 926,920</u>

Investments and endowments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the finance policy adopted by the Organization's Board of Directors. The guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Organization for the purpose of providing investment and consulting advice.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

2. Summary of significant accounting policies (continued)

Investments and endowments (continued)

Investment in Clearinghouse Community Development Financial Institution (“CDFI”), which is a direct lender for affordable housing, community development and other non-traditional credit needs, is recorded using the cost method and the Organization does not have significant influence or control.

Donated materials and services

Donated materials and other noncash contributions are reflected in the accompanying statements at their estimated fair market value at the date receipt. Contribution of services are recognized if the services received, create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis of deriving their value.

Fixed assets and depreciation

Property and equipment are capitalized at historical cost, or fair market value at the date of donation, if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donor assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2021 was \$333,537. The useful lives of the assets are estimated as follows:

Buildings and improvements	5 - 40 years
Furniture and fixtures	5 - 12 years
Vehicles	5 years

Compensated absences

Compensated absences include vacation and sick hours. Full-time employees are entitled to a minimum of 176 hours annually and begin to accrue hours on the first day of employment. Unused hours expire at the end of the calendar year.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

2. Summary of significant accounting policies (continued)

Revenue recognition

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Residential leases are for periods of up to one year, with rental payments due monthly. Program services, special events, developer fees and management fees are recorded when earned.

Expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program services are defined as follows:

The Housing program provides housing and education to extremely low-income families towards greater self-sufficiency. Its founding in 1977 was based on the principle that our low-wage working families deserve safe housing and safe neighborhoods so that their children would receive the same educational benefits as those from more affluent neighborhoods.

The Scholarship/Stepping UP program, provides a forum that will enhance the lives of our families while living in a stable environment conducive to learning and self-improvement. The College Awareness Project of Stepping UP focuses on educating “6-12 students” and “post secondary students” of extremely low-income families with a special emphasis on parent involvement and higher education while the Family Mentoring component educates parents on how to obtain higher education and financial self-sufficiency to one day become first-time homeowners.

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

Income taxes on LLC income are levied on the members in their individual capacity. Accordingly, all profits and losses of the 84 New ETHIC LLC are recognized by each member on its respective tax return.

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



**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
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2. Summary of significant accounting policies (continued)

Change in accounting principle

On January 1, 2021, the Organization adopted the new accounting standard for ASU 2020-07, Not-for-Profit Entities (Topic 958), that affects the presentation and disclosures for contributed nonfinancial assets. See Note 13. Adopting this standard did not have a significant impact on the financial statements.

3. Liquidity and availability of financial assets

The following represents the Corporation's financial assets as of December 31:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 2,571,652	\$ 2,526,752
Restricted funds	324,631	314,628
Investment in securities	113,988	112,855
Quasi-endowment and Endowments	812,932	704,831
Note receivable	613,359	-
Land lease receivable	253,797	258,478
Miscellaneous receivables	277,531	237,652
Accounts receivable	<u>157,928</u>	<u>58,452</u>
Total financial assets	<u>5,125,818</u>	<u>4,213,648</u>
Less amounts not available to be used within one year:		
Restricted funds	324,631	284,017
Investment in securities	113,988	112,855
Note receivable	613,359	-
Quasi-endowment and Endowments	812,932	704,831
Other net assets with donor restrictions	<u>88,611</u>	<u>30,611</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,172,297</u>	<u>\$ 3,081,334</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses.

4. Investment in CDFI

The Organization holds an investment in CDFI. The investment is recorded at cost and represents less than 1% of the ownership shares of CDFI as of December 31, 2021. The balance of the investment was \$52,500 as of December 31, 2021.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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5. Restricted cash

The Organization has funds on deposit with Bank of America. As of December 31, 2021, the balances of these accounts were as follows:

Replacement reserve	\$ 144,531
Operating reserve	127,580
Tenant security deposits	18,909
Donor restricted cash	<u>33,611</u>
Total restricted cash	<u>\$ 324,631</u>

Cash and investments, including restricted cash and endowments, consisted of the following as of December 31, 2021:

	Cash and Cash Equivalents	Restricted Cash	Investments/ Endowments	Total
Demand deposits				
Corporation	\$ 1,499,989	\$ 324,631	\$ -	\$ 1,824,620
84 New ETHIC LLC	484,196	-	-	484,196
Certificates of deposit -				
Corporation	-	-	113,988	113,988
Money market mutual funds -				
Corporation	587,467	-	-	587,467
Beneficial interest in assets				
held by others	-	-	812,932	812,932
Investment in CDFI	-	-	52,500	52,500
Totals	<u>\$ 2,571,652</u>	<u>\$ 324,631</u>	<u>\$ 979,420</u>	<u>\$ 3,875,703</u>

Financial institutions that potentially subject the Organization to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Organization places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the FDIC insurance coverage limit of \$250,000, a situation that has occurred. The Organization did not however exceed the limit of this coverage as of December 31, 2021. The Organization does not anticipate nonperformance by the institutions. No FDIC protection exists for brokerage account balances, as indicated in "Money market mutual funds" or "Beneficial interest in assets held by others" as indicated above, as of December 31, 2021.

6. Cash and investments

Quasi-Endowment

The Organization has a quasi-endowment fund with the Orange County Community Foundation (the "Foundation"). All or a portion of the net income and principal may be distributed at any time from this donor advised fund. The fund is reported at market value. The balance of the fund was \$305,955 as of December 31, 2021.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
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6. Cash and investments (continued)

Endowments

Effective January 1, 2009, the Organization adopted FASB ASC 958-205-45-30, *Endowments of Not-for-Profit Organizations*, by implementing a policy requiring the preservation of the fair value of the original gift or corpus as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the funds, (2) The purposes of the donor-restricted endowment funds, (3) General economic conditions, (4) The possible effect of inflation and deflation, (5) The expected total return from income and the appreciation of investments.

The Organization has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations and granting. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner which attempts to achieve, after fees and expenses, a reasonable rate of return consistent with the risk levels established by the responsible committee for all endowment assets with donor restrictions. To satisfy its long-term rate-of-return objectives, the Organization relies on a total strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation primarily focused on equity and fixed income based investments to achieve its long-term objectives within prudent risk constraints.

The State of California enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective January 1, 2009, the provisions of which apply to endowment funds existing at the time of or established after that date. The Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

The Organization has two endowment funds with the Foundation. All or a portion of the net income may be distributed at any time from each endowment fund for the purposes of support of the Stepping UP Program and the Allen Baldwin Legacy Program, respectively. The funds are reported at market value. The balance of the funds was \$506,977 as of December 31, 2021.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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6. Cash and investments (continued)

Endowments (continued)

The Stepping Up Program endowment has net assets with donor restrictions as of December 31, 2021, as follows:

	Accumulated Funds	Principal	Total
Stepping Up Program Endowment, December 31, 2020	\$ 131,598	\$ 160,000	\$ 291,598
Investment income	<u>45,679</u>	<u>-</u>	<u>45,679</u>
Balance, December 31, 2021	<u>\$ 177,277</u>	<u>\$ 160,000</u>	<u>\$ 337,277</u>

The Allen Baldwin Legacy endowment has net assets with donor restrictions as of December 31, 2021, as follows:

	Accumulated Funds	Principal	Total
Allen Baldwin Legacy Endowment, December 31, 2020	\$ 44,053	\$ 102,664	\$ 146,717
Investment income	<u>22,983</u>	<u>-</u>	<u>22,983</u>
Balance, December 31, 2021	<u>\$ 67,036</u>	<u>\$ 102,664</u>	<u>\$ 169,700</u>

7. Note receivable

On March 14, 2021 the 84 New ETHIC, LLC purchased a note receivable from Heritage Fields El Toro, LLC for \$625,000. The note originally valued at \$16,532,379 was \$14,875,215 on the date of acquisition. The note is due from the Tenant, bears no interest, matures May 27, 2073, and is paid from residual receipts. For the year ended December 31, 2021, 84 New ETHIC, LLC received \$277,056, of which \$11,641 was applied to the discounted value of the note receivable and \$265,415 was recorded as contribution income.

The note receivable consists of the following as of December 31, 2021;

Note receivable on date of acquisition:	\$ 14,598,159
Deferred value:	<u>13,984,800</u>
Discounted value:	<u>\$ 613,359</u>

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
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8. Contingent liabilities

The Organization has five properties in the City of Huntington Beach that have trust deeds with interest payable in the event the Organization does not comply with the housing agreements with the City of Huntington Beach. As of December 31, 2021, the Organization is contingently liable for interest on the five properties. The amount is being negotiated with the City of Huntington Beach. Since the mission of the Organization is to provide housing for extremely low-income families it does not foresee any event that would require the payment of the interest.

Various lawsuits, claims and proceedings may be asserted against the Organization arising in the ordinary course of business. While any amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are asserted will not have a materially adverse effect on the financial position of the Organization.

9. Notes payable

Notes payable consisting primarily of 30-year obligations are as follows:

5.90% trust deed payable to Citibank, secured by land and building. Payable in monthly installments of \$10,445, including principal and interest. The loan matures on November 1, 2028.	\$ 710,438
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7.60% trust deed payable to Citibank, secured by land and building. Payable in monthly installments of \$1,271 beginning December 1, 1998. The loan matures on December 1, 2028.	82,598
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Six 10% second trust deeds payable to the City of Irvine, secured by land and buildings. The mortgages, of \$634,500, were forgiven by the City of Irvine in 2021 and included as revenue on the consolidated statement of activities.	-
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Non-interest bearing note payable to the City of Garden Grove, secured by land and building, in exchange for making eight apartment units on Buena Street available at fair market rents to low-income households. The loan matured April 2021, and payment has been requested by the City of Garden Grove. Management is trying to coordinate forgiveness with the City of Garden Grove.	30,000
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3% note payable secured by a deed of trust, to the City of Anaheim. Interest accrues annually; however, payment has been deferred subject to the terms and condition of the loan agreement. Under the occurrence of default, all principal and interest on the deferred loan may become due in full. The loan matured on May 29, 2002; however, no payment has been requested by the City of Anaheim.	20,000
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**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

9. Notes payable (continued)

7.60% trust deed payable to Citibank, secured by land and building. Payable in monthly installments of \$1,942, including principal and interest, beginning December 1, 1998. The loan matures on December 1, 2028. 126,182

3% trust deed payable to the City of Huntington Beach, secured by land and building. Twenty-five percent of annual residual receipts to be used to repay HOME loan. In event the Organization refinances a senior loan any time prior to the maturity date, twenty-five percent of the net proceeds must be allocated and paid to the City to reduce the HOME loan. Payments will be applied to accrued interest to the date of such payment, and then to reduce the principal amount owed. If the Organization is in compliance with the terms of the HOME loan documents on the fifty-fifth anniversary of the date of completion of the project, the principal and accrued interest shall be deemed paid. The loan matures on August 1, 2070. \$ 305,000

5% trust deed payable to City of Anaheim, secured by deed of trust on land and building. The note is for \$1,000,000 of which \$600,000 was used for acquisition of the property leaving \$400,000 remaining for rehabilitation of the property. The rehabilitation funds used is \$124,324. Payments are to be made on the basis of residual receipts. Residual receipts for any fiscal year equals any cash remaining after the payment of a) all sums due after the terms of a take-out loan b) all amounts deposited in the reserve fund for property replacements and c) all obligations of the property other than the take-out loan, and the reserves, including a reasonable management fee. An eight percent return on the Organization's cash equity may be included as an obligation of the property; however, in no event shall the residual receipts for any fiscal year be less than the return in equity received by the Organization. The note matured on July 1, 2014; however, no payment has been requested by the City of Anaheim. 724,324

Non-interest bearing note, payable to Citibank, pursuant to an agreement under the Affordable Housing Program, of the Home Loan Bank of San Francisco. The principal is to be forgiven at the end of the compliance period, which occurred on June 30, 2010. Management is trying to coordinate the forgiveness with the bank. 11,400

6% trust deed payable to the City of Huntington Beach, secured by land and building. Principal and interest shall be canceled fifty-nine years after execution of this note providing the Organization does not have any events of default listed in the agreement. In the event the Organization has an event of default, the Organization shall immediately pay the City of Huntington Beach the principal together with the accrued interest at the rate of 6% compounded annually on the principal outstanding. The loan matures on June 17, 2053. 225,000

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. Notes payable (continued)

Non-interest bearing trust deed payable to the City of Huntington Beach, secured by land and buildings. No payments are due on this note until the end of the year 2023. In the event the loan agreement is not extended at the end of thirty years, the note shall be due and payable with interest at the rate of 7% compounded annually upon a sale, transfer, or other disposition of the property, (except a sale to a purchaser approved by the Agency), or the Organization being in material default of any other obligation contained in this agreement, or the Organization violating any condition of the deed of trust or promissory note, or ceasing to exist as a nonprofit organization. \$ 635,000

7.60% trust deed payable to Citibank, secured by land and building. Payable in monthly installments of \$989, including principal and interest beginning December 1, 1998. The loan matures on November 1, 2028. 63,662

Non-interest bearing note payable to the County of Orange, secured by land and building. Payments are deferred and will become a grant subject to continued use as affordable rental housing for a minimum of 30 years, commencing in 1995. If this condition is not met, the outstanding principal and interest, if any is due and payable. 290,000

Non-interest bearing trust deed payable to the City of Placentia, secured by land and building. Payments are to be made annually, beginning in the sixteenth year, commencing October 1995, providing the Organization does not have any events of default as listed in the agreement. In the event the Organization has an event of default, the Organization shall immediately pay the City of Placentia the principal together with accrued interest at the rate of 10% compounded annually on the principal outstanding. The note matures on October 2, 2025. An amendment to the note payable is pending. 45,000

7.60% trust deed payable to Citibank, secured by land and building. Payable in monthly installments of \$1,271, including principal and interest beginning December 1, 1998. The loan matures on November 1, 2028. 81,850

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. Notes payable (continued)

6% trust deed payable to the City of Huntington Beach, secured by land and building. Commencing on the fifth anniversary of the close of escrow and continuing until the thirtieth anniversary of the close of escrow, the Organization makes minimum annual payments of \$1,200. If the balance of residual receipts account is insufficient to fully fund an annual payment, the Organization agrees to make up any shortfall that may exist in the account so that the annual payment can be made. The Organization may request that the City reduce, suspend, or forgive an annual payment and may present evidence to the City of its inability to make an annual payment; however, the City reserves the exclusive right in its sole discretion to reduce, suspend, or forgive an annual payment. All principal and interest on the loan is due in full upon the earliest to occur of:

- (1) The occurrence of a default under this agreement, the note, the deed of trust or the agreement containing covenants, which event of default is not cured within the applicable cure period; or
- (2) The thirtieth anniversary of close of escrow.

The loan matures on December 26, 2026. \$ 490,000

7.60% trust deed payable to Citibank, secured by land and building. Payable in monthly installments of \$1,483, including principal and interest beginning December 1, 1998. The loan matures on March 1, 2029. 96,358

Non-interest bearing note payable to Citibank, pursuant to an agreement under the Affordable Housing Program (AHP), of Home Loan Bank of San Francisco. The principal was to be forgiven at the end of the compliance period, which occurred on December 31, 2005. Management is trying to coordinate the forgiveness with the bank. 32,000



**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. Notes payable (continued)

6% trust deed payable to the City of Huntington Beach, secured by land and building. Commencing on the fifth anniversary of the close of escrow and continuing until the thirtieth anniversary of the close of escrow, the Organization shall make minimum annual payments of \$1,200. Each annual payment shall be due annually on each anniversary of the Close of Escrow beginning on the fifth anniversary of the Close of Escrow and continuing and including the thirtieth anniversary of the Close of Escrow; provided however, that remaining outstanding principal of the loan shall be repaid on the thirtieth anniversary of the Close of the Escrow. Each annual payment shall be made only to the extent that there exists residual receipts and payment of that portion of the annual payment in excess of residual receipts shall be deferred for future payment. If the amount of residual receipts exceeds the annual payment which is due and there exists on such payment date any deferred annual payment, the Organization shall pay to the City all residual receipts up to an amount equal to the sum of the annual payment due on such payment date and the amount of any deferred annual payment from previous years. The Organization may request that the City reduce, suspend, or forgive an annual payment and the Organization may present evidence to the City of its inability to make an annual payment; however the City reserves the exclusive right to its sole discretion to reduce, suspend, or forgive an annual payment. All principal and interest on the loan shall be due in full upon the earliest to occur of:

- (1) The occurrence of a default under this agreement, the note, the deed of trust or the agreement containing covenants, which event of default is not cured within the applicable cure period; or
- (2) The thirtieth anniversary of close of escrow.

The loan matures on January 2, 2026.

\$ 1,375,385

7.60% trust deed payable to Citibank secured by land and building, payable in monthly principal and interest installments of \$7,661, beginning December 1, 1998, and maturing on December 1, 2028.

497,861

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
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9. Notes payable (continued)

3% trust deed payable to Department of Housing and Community Development of the State of California, secured by land and building. Interest only payments are due each September to the extent that there are residual receipts and any interest unpaid at the end of each twelve month period shall be forgiven. Outstanding principal and accrued, unpaid, and un-forgiven interest is due September 23, 2026. \$ 1,000,000

3% trust deed payable to City of Buena Park, secured by land and building. Annual payments of interest are deferred if the Organization is in compliance with the owner participation agreement, principal due September 23, 2026. 800,000

7.7% trust deed payable to Citibank, secured by land and building, payable in monthly installments of \$1,462 beginning April 1, 1999. The loan matures on March 1, 2029. 97,207

6% trust deed payable to the City of Huntington Beach, secured by land and building. Annual payments of interest are deferred if the Organization is in compliance with the owner participation agreement. There may be periodic payments under the note. Commencing on the fifth anniversary of the close of escrow and continuing until the thirtieth anniversary of the close of escrow, the Organization shall make minimum annual payments of \$1,200. If the balance of the residual receipts account is insufficient to fully fund an annual payment, the Organization agrees to make up any shortfall that may exist in the account so that the annual payment can be made. The Organization may request that the City reduce, suspend, or forgive an annual payment, and the Organization may present evidence to the City of its inability to make an annual payment; however, the City reserves the exclusive right in its sole discretion to reduce, suspend, or forgive an annual payment. All principal and interest on the loan shall be due in full upon the earliest to occur of:

- (1) The occurrence of a default under this agreement, the note, the deed of trust or the agreement containing covenants, which event of default is not cured within the applicable cure period; or
- (2) The thirtieth anniversary of close of escrow.

The loan matures on November 17, 2027. 380,000

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. Notes payable (continued)

Two non-interest bearing trust deeds payable to the City of Huntington Beach, secured by land and building. Such sum shall be immediately due and payable upon any sale, conveyance, transfer, or assignment by contract, all inclusive deed of trust, or otherwise or further encumbrance, of all or any portion of the real property described in the deed of trust. \$ 111,890

5.75% trust deed payable to Clearinghouse Community Development Financial institution, secured by land and building. Payable in monthly installments of \$1,530 including principal and interest beginning May 1, 2013. The loan matures on April 1, 2023. 225,748

Note payable to the City of Huntington Beach, secured by land and building, non-interest bearing, one-thirtieth of principal forgiven each anniversary date of note. There are periodic payments under the note. Commencing on the second anniversary of the close of escrow, March 29, 2005, and continuing until the thirtieth anniversary of the close of escrow, the Organization shall make annual payments of \$1,200 or fifty percent of net operating income. Once the capital reserve is fully funded, the annual payment will be \$2,400 or 100% of the net operating income. Unpaid and un-forgiven principal and interest on the loan shall be due in full upon the occurrence of a default under this agreement, the note, the deed of trust or the agreement, containing covenants, which event of default is not cured within the applicable cure period. Due to on-going negotiations with the City on compliance issues, the Organization has not reduced the loan balance based on the forgiveness provision of the note. The loan matures on February 22, 2030. 600,000

5.75% trust deed payable to Clearinghouse Community Development Financial Institution, secured by land and building. Payable in monthly installments of \$1,530 including principal and interest beginning May 1, 2013. The loan matures on April 1, 2023. 225,770

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
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9. Notes payable (continued)

Note payable to the City of Huntington Beach, secured by land and building, simple interest at 6% annum on the principal amount outstanding from the date of the note until paid or forgiven. There may be periodic payments under the note. Commencing on the second anniversary of the close of escrow and continuing every succeeding year during the term of the Owner Participation Agreement, the Organization shall make annual payments of \$1,200 or fifty percent of net operating income whichever amount is less for payment of this note. The Organization may request that the City reduce, suspend, renegotiate, or forgive an annual payment, and the Organization may present evidence to the City of its inability to make an annual payment; however, the City shall have the unfettered discretion to reduce, suspend, renegotiate, or forgive the payment. All principal and interest on the loan shall be due in full upon the earliest to occur of:

- (1) The occurrence of a default under this agreement, the note, the deed of trust or the agreement containing covenants, which event of default is not cured within the applicable cure period; or
- (2) End of the sixty year term of the Owner participation Agreement if the Organization chooses not to continue to abide by the Regulatory Agreement.

The loan matures on September 29, 2060. \$ 570,000

Nine non-interest bearing trust deeds payable to the City of Santa Ana secured by land and building. These notes are pursuant to an agreement under the HOME agreement. The notes will be payable at the time the units are transferred to a low-income family; an event of default under the loan agreement; or at the note maturity, which ranges from September 2027 to May 2029.

764,954

5.75% trust deed payable to Clearinghouse Community Development Financial Institution, secured by land and building, payable in monthly installments of \$777 beginning May 1, 2013. The loan matures on April 1, 2023.

114,597

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. Notes payable (continued)

6% trust deed payable to the City of Huntington Beach, secured by land and building. There may be periodic payments under the note. Commencing on the third anniversary of the note, the Organization shall make annual payments of \$1,200 or 50% of net operating income of the previous year, whichever is less, for repayment of this note. If the balance of the residual receipts is insufficient to fully fund an annual payment, the Organization agrees to make up any shortfall that may exist in the account so that the annual payment can be made. The Organization may request that the City reduce, suspend, renegotiate, or forgive an annual payment, and may present evidence to the City of its inability to make an annual payment; however, the City shall have the unfettered discretion to reduce, suspend, renegotiate, or forgive an annual payment. All principal and interest on the loan shall be due in full upon the earliest to occur of:

- (1) The occurrence of a default under this agreement, the note, the deed of trust or the agreement containing covenants, which event of default is not cured within the applicable cure period; or
- (2) End of the sixty year term of the Owner participation Agreement if the Organization chooses not to continue to abide by the Regulatory Agreement.

The loan matures on December 18, 2060.

\$ 285,000

Non-interest bearing trust deed payable to the City of Fullerton secured by land and building. The loan shall be immediately due and payable in the event that the Organization assigns or attempts to assign any portion of the agreement in violation of the terms of the agreement. The loan shall be forgiven and no payments shall be due on the loan maturity, if the Organization is in compliance with the affordability requirements of the agreement. The loan matures on July 22, 2029.

185,136

6.25% trust deed payable to Clearinghouse Community Development Financial Institution, secured by land and building. Interest only payments from February 1, 2015, through January 1, 2020, with principal and interest monthly payments of \$7,086, beginning February 1, 2020. Final payment of \$964,606.12 due on January 1, 2030. A trust deed on another property located in Orange County, California is additional collateral on the loan.

1,115,420

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. Notes payable (continued)

3% HOME trust deed to the City of Huntington Beach, secured by land and building. Simple interest will accrue from the date of disbursement. If the Organization is in compliance with the terms of the HOME loan documents on the fifteenth (15<sup>th</sup>) anniversary of the date of completion of the project, (which will be referred to herein as the “maturity date”), the principal and accrued interest shall be deemed paid by the Organization’s compliance and no further funds shall be due from the Organization under this HOME promissory note. Prior to the maturity date, the Organization will be obligated to repay the HOME loan as follows: (a) The Organization must utilize twenty percent (20%) of residual receipts with respect to each calendar year to repay the HOME loan. (b) In the event the Organization refinances a senior loan at any time prior to the maturity date, twenty percent (20%) of the net proceeds must be allocated and paid to the City to reduce the HOME loan. (c) All payments to the City will be applied first to the payment of all expenses, charges, cost and fees incurred by or payable to the City by the Organization pursuant to the terms of the HOME loan documents (in such order and manner as the City, in its sole discretion, may elect), then to the payment of all interest accrued to the date of such payment, and then to reduce the principal amount owed. All prepayment of principal on this HOME promissory note will be applied to the most remote principal installment or installments until paid. Notwithstanding anything to the contrary contained herein, after the occurrence and during the continuation of an uncured default under HOME deed of trust, all amounts received by the City from any party will be applied in such order as the City, in its sole discretion, may elect. The loan matures on November 18, 2031.

\$ 781,220

Non-interest bearing trust deed payable to the City of Huntington Beach, secured by land and building. The Organization shall not make any sale, assignment or conveyance, or transfer in any other form, of the site, or any part thereof, or interest therein without the express written consent of the holder set forth of Section 2.5 of the agreement. Commencing on the third anniversary of the effective date of the agreement, and every succeeding year during the 55-year term of this note, the Organization must utilize twenty-five percent (25%) of net operating income for the previous one-year period (“available net operating income”) to repay the loan. If payment on this note is required by the Organization pursuant to the terms hereof, the Organization shall make such payment no later than one hundred twenty (120) days following the end of applicable calendar year. The loan matures on November 18, 2071.

218,780

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

9. Notes payable (continued)

6.25% trust deed payable to the Clearinghouse Community Development Financial Institution, secured by land and building. Payable in monthly installments of \$1,554 including principal and interest beginning January 1, 2017. The loan matures on November 14, 2046. \$ 234,126

On May 6, 2020, the Organization received a promissory note with Bank of America for \$208,397 funded by the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Safety Act (the “PPP Cares Act Note”). \$200,079 of the PPP CARES Act Note was forgiven on November 1, 2021. -

Total notes payable \$ 13,551,906

Maturities of notes payable are as follows for the years ending December 31:

2022	\$ 1,004,576
2023	1,452,300
2024	255,600
2025	318,600
2026	3,958,386
Thereafter	<u>6,562,444</u>
	<u>\$ 13,551,906</u>

10. Net assets without donor restrictions

The changes in the Organization’s consolidated net assets without donor restrictions are reconciled as follows:

	<u>Total</u>	<u>Controlling Interests</u>	<u>84 New ETHIC Non-controlling Interests</u>
Balance,			
December 31, 2020	\$ 10,931,468	\$ 6,092,928	\$ 4,838,540
Change in net assets			
Without donor restrictions	<u>1,165,821</u>	<u>1,155,454</u>	<u>10,367</u>
Balance,			
December 31, 2021	<u>\$ 12,097,289</u>	<u>\$ 7,248,382</u>	<u>\$ 4,848,907</u>

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

11. Net assets with donor restrictions

Net assets with donor restrictions are comprised of the following as of December 31, 2021:

	Accumulated Funds	Principal	Total
Allen Baldwin Legacy Endowment	\$ 67,036	\$ 102,664	\$ 169,700
Stepping Up Endowment	177,277	160,000	337,277
Student Scholarship Account	5,611	-	5,611
Grants	83,000	-	83,000
Totals	<u>\$ 332,924</u>	<u>\$ 262,664</u>	<u>\$ 595,588</u>

12. Commitments

Lease

The Organization is leasing an eight-unit apartment building from the Garden Grove Agency for Community Development (the "Agency"). Upon commencement of the lease on June 25, 1990, the Organization paid the Agency \$175,000 as rent for the fifty-year term of the lease. The Organization is sub-leasing five of the eight units to American Family Housing ("AFM"), (formerly referred to as "Shelter for the Homeless"), a public benefit non-profit corporation. AFM is sub-leasing two units to Thomas House Shelter. The sub-lease is also for fifty years. American Family Housing paid the Organization \$175,000 as rent for the fifty-year term of the lease. The rents paid and received in advance are amortized on a straight-line basis over the lives of the leases. On September 30, 2021, the sub-leases with AFM and Thomas House Shelter were terminated. The unamortized portion of the rent as of December 31, 2021, was \$0.

Guarantee

On August 4, 2011, the Organization entered a limited guarantee agreement to guarantee \$300,000 of a \$562,000 mortgage from Clearinghouse Community Development Financial Institution to Community Housing Resources, Inc., an unrelated 3<sup>rd</sup> party, secured by a deed of trust on Mariposa Village, which is owned by Community Housing Resources, Inc.

Other

The Organization has also entered into various regulatory agreements, including the City of Anaheim, City of Buena Park, City of Garden Grove, City of Huntington Beach and County of Orange.

13. In-kind contributions – nonfinancial assets

For the year ended December 31, 2021 the Organization received in-kind contributions of nonfinancial assets of \$5,770. The nonfinancial assets consist of toys, used electronics, and gift cards. The nonfinancial assets are distributed to residents and their children through the Stepping Up program and are unrestricted. The nonfinancial assets are valued at the estimated fair value based upon estimates of wholesale values that would be received for selling similar products in the United States.



**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

14. Related party transactions

Partners' equity

Under the Amended and Restated Agreement of Limited Partnership dated May 27, 2016 (the "Paramount Partnership Agreement"), OCCHC Paramount LLC is the Managing General Partner of PFIHP, with a 0.005% general partner interest. In accordance with the Paramount Partnership Agreement, the Managing General Partner is required to make a capital contribution of \$50. As of December 31, 2021, the Managing General Partner has made its required capital contribution. As of December 31, 2021, OCCHC Paramount, LLC's investment in PFIHP was \$(128).

Under the Amended and Restated Agreement of Limited Partnership dated August 2, 2019 (the "Vientos Partnership Agreement"), OCCHC-Golden Circle LLC is the Administrative General Partner of Vientos, with a 50% general partner interest. In accordance with the Vientos Partnership Agreement, the Administrative General Partner is required to make a capital contribution of \$50. As of December 31, 2021, the Administrative General Partner has made its required capital contribution. As of December 31, 2021, OCCHC-Golden Circle LLC's investment in Vientos was \$260,401.

Under the Agreement of Limited Partnership dated December 2, 2019 (the "Anillo Partnership Agreement"), OCCHC-Anillo De Oro LLC is the Administrative General Partner of Anillo, with a 10% general partner interest. In accordance with the Anillo Partnership Agreement, the Administrative General Partner is required to make a capital contribution of \$0.01. As of December 31, 2021, the Administrative General Partner has made its required capital contribution. As of December 31, 2021, OCCHC-Anillo De Oro, LLC's investment in Anillo was \$118,119.

Ground lease revenue

84 New ETHIC, LLC leases the Land to PFIHP (the "Tenant") under a ground lease agreement ("Ground Lease Agreement"). The Ground Lease Agreement expires on June 6, 2073. Annual rent payments of \$220,000 commence on May 1, 2019 for 10 years, followed by \$1 annual rent for the remainder of the term. The Tenant also pays rent of 22.5% of total residual receipts, as defined, for the term of the lease.

The Tenant provides for the construction, maintenance and operation of a low-income rental housing project and associated uses. At lease termination, ownership of all improvements will become property of 84 New ETHIC, LLC.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

14. Related party transactions (continued)

Ground lease revenue(continued)

The future minimum annual rental revenue, exclusive of the additional rent payments, to be received over the remaining terms of the Ground Lease Agreement as of December 31, 2021 are as follows:

<u>Years Ending December 31,</u>	<u>Rental Revenue</u>	<u>Rental Payments</u>	<u>Change in Deferred Rent</u>
2022	\$ 39,286	\$ 220,000	\$ (180,714)
2023	39,286	220,000	(180,714)
2024	39,286	220,000	(180,714)
2025	39,286	220,000	(180,714)
2026	39,286	220,000	(180,714)
Thereafter	1,846,471	220,045	1,626,426
Total rental revenue	<u>\$ 2,042,901</u>	<u>\$ 1,320,045</u>	<u>\$ 722,856</u>

For the year ended December 31, 2021, rental revenue earned for the ground lease was \$39,286 and additional rent earned from residual receipts was \$33,797. As of December 31, 2021, ground lease receivable was \$253,797 and deferred ground lease revenue was \$722,856.

Partnership management fee

Pursuant to the Paramount Partnership Agreement, OCCHC Paramount LLC receives an annual partnership management fee from the PFIHP in an amount up to \$25,000, increased annually by the Consumer Price Index. The fee is paid from available cash flow, as defined, and does not accrue. During 2021, \$28,141 of partnership management fee income was earned. As of December 31, 2021, partnership management fee receivable was \$28,141, which is included in the miscellaneous receivables on the Consolidated Statement of Financial Position.

15. Property management

On April 1, 2021, the Organization entered into a property management agreement with Proactive Realty Investments, Inc. Under the agreement, Proactive Realty Investments, Inc. performs such services as selection of tenants, collecting rents, and managing the portfolio of units. For the year ended December 31, 2021, the Organization incurred property management fees of \$82,440. As of December 31, 2021, property management fees of \$6,366 remained payable and were included with accounts payable on the consolidated statement of financial position.

16. Prior year summarized comparative data

The financial statements include certain prior-year summarized, comparative, information in total, but does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2021

17. Vulnerability – impact of COVID-19

The severity of the impact of COVID-19 on the Project's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Project's tenants, all of which are uncertain and cannot be predicted. The Project's future results could be adversely impacted by delays in rent collections and loan payment. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

18. Subsequent events

Subsequent events have been evaluated through November 17, 2022, which is the date the financial statements were available to be issued. Described below are the subsequent events which require disclosure.

On June 7, 2022, the Organization requested to withdraw from Vientos and Anillo projects. As part of the withdrawal the Organization has agreed to pay for predevelopment costs through September 30, 2022. The withdrawal is currently ongoing as the Organization negotiates with the Vientos and Anillo projects' lenders to be removed from the loans.

## **SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Financial Position

December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals Dec. 31, 2021
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 2,087,456	\$ -	\$ 484,196	\$ -	\$ 2,571,652
Restricted cash	291,020	33,611	-	-	324,631
Accounts receivable, net	102,928	55,000	-	-	157,928
Miscellaneous receivables	291,931	-	-	(14,400)	277,531
Prepaid expenses	-	-	13,136	-	13,136
Land lease receivable	-	-	253,797	-	253,797
Total Current Assets	2,773,335	88,611	751,129	(14,400)	3,598,675
Property and Equipment:					
Building and improvements	15,258,176	-	-	-	15,258,176
Land and improvements	7,420,950	-	10,996,959	-	18,417,909
Furniture and fixtures	89,885	-	-	-	89,885
Vehicle	14,144	-	-	-	14,144
Total Property and Equipment	22,783,155	-	10,996,959	-	33,780,114
Accumulated depreciation	(10,008,387)	-	-	-	(10,008,387)
Net Property and Equipment	12,774,768	-	10,996,959	-	23,771,727
Other Assets:					
Note receivable	-	-	613,359	-	613,359
Investment in 84 New Ethic	6,753,364	-	-	(6,753,364)	-
Investment in Paramount FIHP, L.P.	(128)	-	-	-	(128)
Investment in Vientos De Oro	260,401	-	-	-	260,401
Investment in Anillo De Oro, L.P.	118,119	-	-	-	118,119
Investment in CDFI	52,500	-	-	-	52,500
Investments in securities	113,988	-	-	-	113,988
Quasi-endowment and Endowments	305,955	506,977	-	-	812,932
Total Other Assets	7,604,199	506,977	613,359	(6,753,364)	1,971,171
Total Assets	\$ 23,152,302	\$ 595,588	\$ 12,361,447	\$ (6,767,764)	\$ 29,341,573

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Financial Position (continued)

December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals Dec. 31, 2021
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 591,544	\$ -	\$ 36,320	\$ (14,400)	\$ 613,464
Accounts payable - other	4,543	-	-	-	4,543
Rent Advance	11,810	-	-	-	11,810
Notes payable, current portion	1,004,576	-	-	-	1,004,576
Accrued interest payable, current portion	838,386	-	-	-	838,386
Deferred ground lease revenue, current portion	-	-	39,286	-	39,286
Total Current Liabilities	2,450,859	-	75,606	(14,400)	2,512,065
Long-Term Liabilities:					
Notes payable, net of current portion	12,547,330	-	-	-	12,547,330
Accrued interest payable, net of current portion	675,112	-	-	-	675,112
Deferred ground lease revenue, net of current portion	-	-	683,570	-	683,570
Tenant deposits payable	230,619	-	-	-	230,619
Total Long-Term Liabilities	13,453,061	-	683,570	-	14,136,631
Total Liabilities	15,903,920	-	759,176	(14,400)	16,648,696
Net Assets:					
Without Donor Restrictions					
Controlling interests	6,942,427	-	6,753,364	(6,753,364)	6,942,427
Controlling interests - Quasi-endowment	305,955	-	-	-	305,955
Non-controlling interests	-	-	4,848,907	-	4,848,907
With Donor Restrictions					
Endowments	-	506,977	-	-	506,977
Other net assets with donor restrictions	-	88,611	-	-	88,611
Total Net Assets	7,248,382	595,588	11,602,271	(6,753,364)	12,692,877
Total Liabilities and Net Assets	<u>\$ 23,152,302</u>	<u>\$ 595,588</u>	<u>\$ 12,361,447</u>	<u>\$ (6,767,764)</u>	<u>\$ 29,341,573</u>

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Financial Position

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals Dec. 31, 2020
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,618,440	\$ -	\$ 908,312	\$ -	\$ 2,526,752
Restricted cash	284,017	30,611	-	-	314,628
Accounts receivable, net	58,452	-	-	-	58,452
Miscellaneous receivables	273,634	-	-	(35,982)	237,652
Prepaid rent, current portion	3,500	-	-	-	3,500
Prepaid expenses	-	-	12,005	-	12,005
Land lease receivable	-	-	258,478	-	258,478
Total Current Assets	2,238,043	30,611	1,178,795	(35,982)	3,411,467
Property and Equipment:					
Construction in process	-	-	-	-	-
Building and improvements	15,258,176	-	-	-	15,258,176
Land and improvements	7,420,950	-	10,996,959	-	18,417,909
Furniture and fixtures	89,885	-	-	-	89,885
Vehicle	14,144	-	-	-	14,144
Total Property and Equipment	22,783,155	-	10,996,959	-	33,780,114
Accumulated depreciation	(9,674,850)	-	-	-	(9,674,850)
Net Property and Equipment	13,108,305	-	10,996,959	-	24,105,264
Other Assets:					
Prepaid rent, net of current portion	64,751	-	-	-	64,751
Investment in 84 New Ethic	6,737,810	-	-	(6,737,810)	-
Investment in Paramount FIHP, L.P.	(94)	-	-	-	(94)
Investment in Vientos De Oro	(8,538)	-	-	-	(8,538)
Investment in Anillo De Oro, L.P.	(160)	-	-	-	(160)
Investment in CDFI	52,000	-	-	-	52,000
Investments in securities	112,855	-	-	-	112,855
Quasi-endowment and Endowments	266,516	438,315	-	-	704,831
Total Other Assets	7,225,140	438,315	-	(6,737,810)	925,645
Total Assets	\$ 22,571,488	\$ 468,926	\$ 12,175,754	\$ (6,773,792)	\$ 28,442,376

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Financial Position (continued)

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals Dec. 31, 2020
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities:					
Accounts payable	\$ 108,832	\$ -	\$ 57,262	\$ (34,482)	\$ 131,612
Accounts payable - other	7,737	-	-	(1,500)	6,237
Notes payable, current portion	996,300	-	-	-	996,300
SBA PPP Loan	208,397	-	-	-	208,397
Accrued interest payable, current portion	798,732	-	-	-	798,732
Deferred rent payable, current portion	3,500	-	-	-	3,500
Deferred ground lease revenue, current portion	-	-	39,286	-	39,286
Total Current Liabilities	2,123,498	-	96,548	(35,982)	2,184,064
Long-Term Liabilities:					
Notes payable, net of current portion	13,417,567	-	-	-	13,417,567
Accrued interest payable, net of current portion	640,246	-	-	-	640,246
Deferred rent payable, net of current portion	64,751	-	-	-	64,751
Deferred ground lease revenue, net of current portion	-	-	502,856	-	502,856
Tenant deposits payable	232,498	-	-	-	232,498
Total Long-Term Liabilities	14,355,062	-	502,856	-	14,857,918
Total Liabilities	16,478,560	-	599,404	(35,982)	17,041,982
Net Assets:					
Without Donor Restrictions					
Controlling interests	5,843,277	-	6,737,810	(6,737,810)	5,843,277
Controlling interests - Quasi-endowment	249,651	-	-	-	249,651
Non-controlling interests	-	-	4,838,540	-	4,838,540
With Donor Restrictions					
Endowments	-	438,315	-	-	438,315
Other net assets with donor restrictions	-	30,611	-	-	30,611
Total Net Assets	6,092,928	468,926	11,576,350	(6,737,810)	11,400,394
Total Liabilities and Net Assets	\$ 22,571,488	\$ 468,926	\$ 12,175,754	\$ (6,773,792)	\$ 28,442,376

See accompanying report of independent auditors.



**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals Dec. 31, 2021
<b>REVENUES</b>					
Revenues and Other Support:					
Low-income housing rent and laundry revenue	\$ 3,653,329	\$ -	\$ -	\$ -	\$ 3,653,329
Contributions and grants	347,328	58,000	264,860	-	670,188
In-kind contributions	164,686	-	-	(158,916)	5,770
PPP loan forgiveness	200,079	-	-	-	200,079
Mortgage forgiveness	634,500	-	-	-	634,500
Investment income, net	109,878	68,662	94	(57)	178,577
Fund-raising, net of direct expenses of \$6,036	1,964	-	-	-	1,964
Managing member fees	14,400	-	-	(14,400)	-
Office rent, net	95,004	-	-	-	95,004
Miscellaneous income	27,439	-	-	-	27,439
Paramount FIHP, L.P.	(34)	-	-	-	(34)
Vientos De Oro, L.P.	(12,678)	-	-	-	(12,678)
Land lease income	43,850	-	73,083	(43,850)	73,083
Partnership management fee revenue	28,141	-	-	-	28,141
LLC flowthrough loss	(32,182)	-	-	32,182	-
Revenues and Other Support	5,275,704	126,662	338,037	(185,041)	5,555,362
Total Revenues	<u>\$ 5,275,704</u>	<u>\$ 126,662</u>	<u>\$ 338,037</u>	<u>\$ (185,041)</u>	<u>\$ 5,555,362</u>

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Activities (continued)

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals Dec. 31, 2021
<b>TOTAL REVENUES from previous page</b>	\$ 5,275,704	\$ 126,662	\$ 338,037	\$ (185,041)	\$ 5,555,362
<b>EXPENSES</b>					
Functional Expenses					
Program services	3,616,875	-	53,637	(14,400)	3,656,112
Supporting services / management and general	330,308	-	-	-	330,308
Supporting services / fund-raising	173,067	-	-	-	173,067
Total Functional Expenses	4,120,250	-	53,637	(14,400)	4,159,487
<b>CHANGE IN NET ASSETS</b>					
Net increase (decrease) in net assets	1,155,454	126,662	284,400	(170,641)	1,395,875
Net assets, as of the beginning of the year	6,092,928	468,926	11,576,350	(6,737,810)	11,400,394
Distribution to controlling interest	-	-	(155,087)	155,087	-
Distributions to non-controlling interest	-	-	(103,392)	-	(103,392)
Net assets, as of the end of the year	<u>\$ 7,248,382</u>	<u>\$ 595,588</u>	<u>\$ 11,602,271</u>	<u>\$ (6,753,364)</u>	<u>\$ 12,692,877</u>

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals 2020
<b>REVENUES</b>					
Revenues and Other Support:					
Low-income housing rent and laundry revenue	\$ 3,627,504	\$ -	\$ -	\$ -	\$ 3,627,504
Contributions and grants	419,260	17,025	-	-	436,285
In-kind contributions	17,071	-	-	-	17,071
Investment income, net	54,860	-	4,708	(2,824)	56,744
Fund-raising, net of direct expenses of \$14,555	47,556	-	-	-	47,556
Office rent, net	92,592	-	-	-	92,592
Managing member fees	14,400	-	-	(14,400)	-
Miscellaneous income	23,577	-	30	(18)	23,589
Paramount FIHP, L.P.	(32)	-	-	-	(32)
Vientos De Oro, L.P.	(21,908)	-	-	-	(21,908)
Anillo De Oro, L.P.	(80)	-	-	-	(80)
Land lease income	46,659	-	77,764	(46,659)	77,764
Partnership management fee revenue	27,321	-	-	-	27,321
LLC flowthrough revenue	(33,117)	-	-	33,117	-
Revenues and Other Support	4,315,663	17,025	82,502	(30,784)	4,384,406
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>					
Student Scholarship Account	46,546	(46,546)	-	-	-
Total Current Year Releases	46,546	(46,546)	-	-	-
Total Revenues	<u>\$ 4,362,209</u>	<u>\$ (29,521)</u>	<u>\$ 82,502</u>	<u>\$ (30,784)</u>	<u>\$ 4,384,406</u>

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Consolidating Schedule of Activities (continued)

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	84 New ETHIC LLC Unrestricted	Eliminations	Totals 2020
<b>TOTAL REVENUES from previous page</b>	\$ 4,362,209	\$ (29,521)	\$ 82,502	\$ (30,784)	\$ 4,384,406
<b>EXPENSES</b>					
Functional Expenses					
Program services	3,207,533	-	55,196	(14,400)	3,248,329
Supporting services / management and general	254,451	-	-	-	254,451
Supporting services / fund-raising	182,075	-	-	-	182,075
Total Functional Expenses	3,644,059	-	55,196	(14,400)	3,684,855
<b>CHANGE IN NET ASSETS</b>					
Net increase (decrease) in net assets	718,150	(29,521)	27,306	(16,384)	699,551
Net assets, as of the beginning of the year	5,374,778	498,447	11,549,044	(6,721,426)	10,700,843
Net assets, as of the end of the year	<u>\$ 6,092,928</u>	<u>\$ 468,926</u>	<u>\$ 11,576,350</u>	<u>\$ (6,737,810)</u>	<u>\$ 11,400,394</u>

See accompanying report of independent auditors.

**ORANGE COUNTY COMMUNITY HOUSING CORPORATION**

Schedule of Market Values of Occupied Properties (Unaudited)

December 31, 2021

Property Address	Number of Units	Estimated Market Value Per Unit	Estimated Total Market Value
10951 Berry, Anaheim 92804-6377	4	\$ 275,000	\$ 1,100,000
25942 Domingo, Dana Point 92624	24	275,000	6,600,000
8702 La Salle, Cypress 90630-6008	4	275,000	1,100,000
8692 La Salle, Cypress 90630-6009	4	275,000	1,100,000
920/30 Vista, Placentia 92670	8	275,000	2,200,000
14162 Buena, Garden Grove 92843-4440	8	275,000	2,200,000
418 S. Poplar, Santa Ana 92703-3719	1	700,000	700,000
14024 Buena, Garden Grove 92843-4318	8	275,000	2,200,000
14021,41,61 Buena, Garden Grove 92843	20	275,000	5,500,000
252 Streamwood, Irvine 92620-1943	1	480,000	480,000
164 Tangelo, Irvine 92618-4470	1	480,000	480,000
92 Eaglepoint, Irvine 92604-3348	1	480,000	480,000
7 Streamwood, Irvine 92620-1936	1	480,000	480,000
95 Firwood, Irvine 92604-4637	1	480,000	480,000
62 Sparrowhawk, Irvine 92604-3258	1	480,000	480,000
1782 S. Carnelian, Anaheim 92802-2427	1	700,000	700,000
1105, 1107, 1109 N. Citron Ln, Anaheim 92801	12	275,000	3,300,000
17372 Keelson, Huntington Beach 92647-5952	4	275,000	1,100,000
313 11th Street, Huntington Beach 92648-4563	9	275,000	2,475,000
415, 421 Ramona, Placentia 92870	6	275,000	1,650,000
17361, 17371 Koledo Lane, H Beach 92647	10	275,000	2,750,000
7602-7638 9th Street, Buena Park 90621	38	275,000	10,450,000
17422, 17432 Queens, H Beach 92647	8	275,000	2,200,000
300 W Carriage C, Santa Ana 92707-4154	1	450,000	450,000
430 W Carriage D, Santa Ana 92707-4167	1	450,000	450,000
201 W Carriage D, Santa Ana 92707-4138	1	450,000	450,000
2760 W Segerstrom E, Santa Ana 92704-6546	1	450,000	450,000
1725 W 3rd Street B, Santa Ana 92703-3664	1	450,000	450,000
809 S. Diamond, Santa Ana 92704-2813	1	700,000	700,000
1705 S. Spruce, Santa Ana 92704-4303	1	700,000	700,000
1001 W. Stevens 172, Santa Ana 92707	1	450,000	450,000
1001 W. Stevens 192, Santa Ana 92707	1	450,000	450,000
17351, 17291 Koledo Lane, H Beach 92647	8	275,000	2,200,000
17432, 17401 Koledo Lane, H Beach 92647	10	275,000	2,750,000
17421 Koledo Ln, H Beach 92647	10	275,000	2,750,000
17412 Koledo Ln, H Beach 92647	5	275,000	1,375,000
Condo - Oxford	1	450,000	450,000
7792 Barton Drive, Huntington Beach, 92647	4	322,100	1,288,400
Lake Elsinore	0	-	525,000
Office Building - Golden Circle	1	2,500,000	2,500,000
Total Estimated Fair Market Value			<u>\$ 68,593,400</u>
Cost - Buildings		\$ 15,258,176	
Cost - Land		7,420,950	
Accumulated Depreciation		<u>(9,907,382)</u>	
Net Book Value			12,771,744
Total Estimated Fair Market Value in Excess of Book Value (Net)			<u>\$ \$55,821,656</u>