

HOME FORWARD
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



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**HOME FORWARD
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**HOME FORWARD
BOARD OF COMMISSIONERS, MANAGEMENT, AND GENERAL COUNSEL
YEAR ENDED DECEMBER 31, 2020**

BOARD OF COMMISSIONERS

Damien Hall Chair	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Matthew Gebhardt Vice Chair	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Mary Ann Herman Chair Emeritus	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Jenny Kim Treasurer	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
David Widmark Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
TomiRene Hettman Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Richard Anderson Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Vivian Satterfield Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Rakeem Washington Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Dina DiNucci Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204

ADMINISTRATIVE OFFICER

Michael Buonocore Executive Director and Secretary/Treasurer	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
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GENERAL COUNSEL

Sarah Stauffer Curtiss	Stoel Rives, LLP 900 S.W. Fifth Avenue, Suite 2600 Portland, Oregon 97204
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Home Forward
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments only to conform the presentation of the financial statements of the discretely presented components units to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, prior to these conversion adjustments, is based solely on the reports of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audits of the discretely presented component units were not performed in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Home Forward as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 to 11) and the schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in net OPEB asset and related ratios, schedule of OPEB contributions, and schedule of changes in total OPEB liability and related ratios (pages 77 to 79) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Home Forward's basic financial statements. The combining schedule of net position – Affordable Housing, combining schedule of revenues, expenses, and changes in net position – Affordable Housing, combining schedule of net position – Special Needs Housing, and combining schedule of revenues, expenses, and changes in net position – Special Needs Housing (other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic 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 August 31, 2021, on our consideration of Home Forward's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Home Forward's 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 Home Forward's internal control over financial reporting and compliance.



Christian J. Rogers
CliftonLarsonAllen LLP

Portland, Oregon
August 31, 2021

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

This section includes a Management's Discussion and Analysis of the Home Forward's financial performance during the period of January 1, 2020 to December 31, 2020. Please read it in conjunction with Home Forward's basic financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: 1. Management's Discussion and Analysis (this section), 2. The basic financial statements and 3. Supplementary information (required and other).

Home Forward is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of Home Forward. Agency-wide statements report information about Home Forward as a whole using accounting methods similar to those used by private sector companies. While detailed sub-fund information is not presented, separate accounts are maintained for each program to control and manage money for particular purposes or to demonstrate that Home Forward is properly using specific appropriations and grants. The financial statements also include a "Notes to Financial Statements" section that explains the information in the basic financial statements and provides more detailed data. The Notes to Financial Statements are followed by a "Supplementary Information" section, which presents the required supplementary information and other financial schedules of Home Forward's operating units and its individual properties.

As required by the Governmental Accounting Standards Board (GASB) Statement No. 61, as amended, the basic financial statements include its blended component units - Home Forward Development Enterprises, St. Francis LLC, Gateway Park Limited Partnership, Home Forward Community Partnerships, HF Insurance Group and its 19 discretely presented component units. These discretely presented component units represent multi-family properties structured as limited partnerships, which have Home Forward as the general partner with minimal ownership interest. The Statement of Net Position includes all of Home Forward's assets and deferred outflows and liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position, regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Significant Developments

Fountain Place - In March 2020, Home Forward transferred Fountain Place, an 80-unit affordable housing property, to FP2 LP, a limited partnership utilizing the low-income housing tax credit (LIHTC) program.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

COVID-19 - On Sunday, March 8, 2020, Oregon Governor Kate Brown declared a state of emergency in response to the coronavirus known as COVID-19. This state of emergency included limiting the amount of people that could gather and the closing of schools and certain businesses. In addition to the health impacts of COVID-19, the economic impact will be significant. As part of the federal response to this crisis, Congress approved and the President signed, on March 27, 2020, Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This Act (and its subsequent amendments) included expanded unemployment benefits, payroll tax adjustments, small business loans, corporate assistance, and increased funding for several key federal departments, including the Department of Housing and Urban Development (HUD). Additionally, jurisdictional partners such as the State of Oregon, Multnomah County, and the City of Portland have provided additional housing resources to address the impact of COVID-19.

Financial Highlights

Home Forward's Statement of Net Position reflects growth in net position during the period of January 1, 2020 to December 31, 2020. Specifically:

- Total assets and deferred outflows of resources increased \$33.3 million from \$629.4 million at January 1, 2020 to \$662.7 million at December 31, 2020, primarily due to the increase in accounts receivable connected with CARES Act funded rent assistance, and notes and accrued interest receivable and notes receivable - partnerships.
- Total liabilities and deferred inflows of resources increased \$20.9 million from \$292.4 million at January 1, 2020 to \$313.4 million at December 31, 2020, mainly due to draws on the construction line of credit, an increase in pension liability, and an increase in bonds payable – partnerships.
- Total operating revenues for the period January 1, 2020 to December 31, 2020 were \$212.7 million. Total operating expenses were \$200.7 million. Operating results for this period was operating income of \$12.1 million. Nonoperating revenues/ (expenses) were nearly break even and capital contributions were a modest \$0.4 million. Overall, net position increased \$12.4 million.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

Condensed Statement of Net Position

The following tables show a summary of net position by type at December 31:

(In Thousands of Dollars)	2020	2019	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	\$ 196,408	\$ 131,262	\$ 65,146
Noncurrent Assets	325,198	356,634	(31,436)
Capital Assets	131,605	134,769	(3,164)
Total Assets	<u>653,211</u>	<u>622,665</u>	30,546
Deferred Outflows of Resources	9,517	6,696	2,821
Total Assets and Deferred Outflows of Resources	<u>\$ 662,728</u>	<u>\$ 629,361</u>	<u>\$ 33,367</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 129,584	\$ 62,723	\$ 66,861
Noncurrent Liabilities	181,601	226,832	(45,231)
Total Liabilities	<u>311,185</u>	<u>289,555</u>	21,630
Deferred Inflows of Resources	2,205	2,882	(677)
Total Liabilities before Deferred Outflows of Resources	<u>313,390</u>	<u>292,437</u>	20,953
Net Position			
Net Investment in Capital Assets	37,740	34,462	3,278
Restricted	30,507	31,645	(1,138)
Unrestricted	281,091	270,817	10,274
Total Net Position	<u>349,338</u>	<u>336,924</u>	12,414
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 662,728</u>	<u>\$ 629,361</u>	<u>\$ 33,367</u>

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

Year-End Financial Position

Current assets increased \$65.1 million during the period ended December 31, 2020. This increase was, namely, due to the increase in the current portion of notes receivable – partnerships and an increase in accounts receivable.

Noncurrent assets (other than capital assets) decreased by \$31.4 million mainly driven by the transition of notes receivable from noncurrent to current offset by an increase in notes and accrued interest receivable as well as an increase in investments in partnerships. These changes related to the public housing properties that converted to tax credits under the Section 18, RAD and LIHTC programs.

Capital assets decreased \$3.2 million mainly driven annual depreciation of \$8.0 million, offset by the purchase of the Powell property and predevelopment work for several projects including Dekum Court, Baldwin, and RAD/Section 18 related properties.

Current liabilities increased \$66.9 million during the year, mainly due to the \$51.4 million change in current portion – bonds payable partnerships and draws from the construction line of credit of \$6.5 million.

Noncurrent liabilities decreased by \$45.2 million. This decrease is, primarily, driven by the recognition of the current portion of bonds payable – partnerships.

Net position at December 31, 2020 was \$349.3 million, an increase of \$12.4 million from the balance at December 31, 2019.

Capital Assets

At December 31, 2020, Home Forward had \$131.6 million of capital assets, a decrease of \$3.2 million since December 31, 2019. More detailed information about Home Forward's capital assets is presented in Note 8 to the financial statements.

(In Thousands of Dollars)	2020	2019	Increase (Decrease)
Land	\$ 32,148	\$ 30,465	\$ 1,683
Construction in Progress	8,126	4,787	3,339
Total Capital Assets Not Being Depreciated	40,274	35,252	5,022
Buildings and Improvements	203,624	204,711	(1,087)
Equipment	12,892	12,377	515
Accumulated Depreciation	(125,185)	(117,571)	(7,614)
Total Capital Assets Being Depreciated	91,331	99,517	(8,186)
Total Capital Assets, Net	<u>\$ 131,605</u>	<u>\$ 134,769</u>	<u>\$ (3,164)</u>

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

Notes and Bonds Payable

At December 31, 2020, Home Forward had \$96.1 million of notes and bonds payable outstanding (excluding bonds payable—partnerships), a decrease of \$6.6 million over the prior year. More detailed information about Home Forward's capital debt is presented in Notes 11 and 12 to the financial statements.

(In Thousands of Dollars)	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Current Portion of Notes and Bonds Payable	\$ 3,448	\$ 3,441	\$ 7
Notes Payable - Long-Term	69,771	72,625	(2,854)
Bonds Payable - Long-Term	<u>22,856</u>	<u>26,640</u>	<u>(3,784)</u>
Total Notes and Bonds Payable	<u>\$ 96,075</u>	<u>\$ 102,706</u>	<u>\$ (6,631)</u>

There were no changes in Home Forward's credit rating during the year.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

Results of Operations

Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars)	2020	2019	Change
Operating Revenues			
Rental Revenue	\$ 22,600	\$ 23,071	\$ (471)
HUD Subsidies and Grants	145,307	133,354	11,953
Development Fee Revenue	9,058	16,084	(7,026)
State, Local, and Other Grants	29,301	11,722	17,579
Other	6,520	5,042	1,478
Total Operating Revenues	212,786	189,273	23,513
Operating Expenses			
Housing Assistance Payments	131,707	107,429	24,278
Administration	20,045	16,904	3,141
Tenant Services	8,912	7,731	1,181
Program Expenses	13,171	11,700	1,471
Utilities	4,815	5,001	(186)
Maintenance	11,630	9,520	2,110
Depreciation	7,978	8,275	(297)
Other	2,467	2,919	(452)
Total Operating Expenses	200,725	169,479	31,246
Operating Income	12,061	19,794	(7,733)
Nonoperating Revenues (Expenses)			
Investment Income	2,961	3,647	(686)
Interest Expense	(2,760)	(3,205)	445
Financing Costs	(1,345)	(155)	(1,190)
Loss on Sale of Capital Assets	(401)	(1,207)	806
Gain on Sale of Capital Assets	2,838	13,083	(10,245)
Other Contributions Made	(1,295)	(2,489)	1,194
Total Nonoperating Expenses	(2)	9,674	(9,676)
Income before Capital Contributions	12,059	29,468	(17,409)
Capital Contributions			
HUD Nonoperating Contributions	355	245	110
Other Nonoperating Contributions	-	14	(14)
Total Capital Contributions	355	259	96
Increase in Net Position	12,414	29,727	(17,313)
Net Position - Beginning of Year	336,924	307,197	29,727
Net Position - End of Year	\$ 349,338	\$ 336,924	\$ 12,414

Fiscal year 2020 generated operating income of \$12.1 million, compared to \$19.8 million in fiscal year 2019. Total operating revenues were \$23.5 million higher while operating expenses increased by \$31.2 million.

Operating revenues of \$212.8 million increased \$23.5 million from fiscal year 2019. This is mainly due to a \$12.0 million increase in HUD operating subsidies and grants, and a \$17.6 million increase in State, Local and Other grants, namely in the form of additional support to address the impact of the COVID-19 pandemic. This was offset by a reduction in development income of \$7.0 million due to the timing of revenue earned from Lloyd Housing LLC, North Group LLC and East Group LLC in fiscal year 2019 and revenue earned from East Group LLC and F2P LLC in fiscal year 2020.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020**

Total operating expenses were \$200.7 million, an increase of \$31.2 million from the prior year and mainly driven by the impact of the COVID-19 pandemic. This increase is primarily due to a \$24.3 million increase in housing assistance payments. Additionally, there were increases in administration, program, tenant services and maintenance costs.

Nonoperating revenues/(expenses) were basically break even during fiscal year 2020 whereas the prior year netted nonoperating income of \$9.7 million mainly due to the properties transitioning to a tax credit entity connected with the 85 Stories initiative.

During 2020, HUD nonoperating and other nonoperating contributions totaled \$0.4 million with funds mainly supporting the capital work at the affordable housing properties. This was \$0.1 million more than prior year.

The impact of the above activity was an increase in net position during fiscal year 2020 of \$12.4 million.

FORWARD LOOKING INFORMATION

Significant economic factors affecting Home Forward are as follows:

RAD/Section 18

Home Forward anticipates continuing to convert its remaining public housing properties under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) programs. Under these programs, the public housing units will convert into project-based voucher funded units and will utilize the low-income housing tax credit program with Home Forward as the general partner. Four public housing properties comprised of 209 units converted to the Central Group LP (a LIHTC partnership) on May 28, 2021. The next RAD/Section 18 closing is anticipated for the fall of 2021.

COVID-19

Management continues to monitor the health, safety, and financial impact of COVID-19. At this time, management does not anticipate a significant disruption in operations due to COVID-19.

CONTACT INFORMATION

This annual financial report is designed to provide Oregon citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of Home Forward's finances, and to demonstrate Home Forward's accountability for the appropriations and grants that it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204 or emailed to info@homeforward.org.

**HOME FORWARD
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>Home Forward</u>	<u>Discretely Presented Component Units</u>
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 47,080,598	\$ 17,661,470
Cash and Cash Equivalents - Restricted	36,036,782	22,181,660
Investments - Unrestricted	690,599	-
Accounts Receivable, Net	17,525,854	1,696,701
Due from Partnerships, Net	1,810,618	-
Prepaid Expenses	2,753,600	5,876,276
Current Portion of Notes Receivable - Partnerships, Net	90,509,521	-
Total Current Assets	196,407,572	47,416,107
NONCURRENT ASSETS		
Investments - Restricted	973,115	-
Notes and Accrued Interest Receivable	247,802,048	-
Notes Receivable - Partnerships, Net	50,283,228	-
Other Assets	-	5,379,775
Investments in Partnerships	25,970,144	-
Net OPEB Asset - RHIA	169,736	-
Capital Assets not being Depreciated	40,274,223	22,480,639
Capital Assets being Depreciated, Net	91,330,890	463,648,831
Total Noncurrent Assets	456,803,384	491,509,245
Total Assets	653,210,956	538,925,352
DEFERRED OUTFLOWS OF RESOURCES		
Related to Derivative Instruments	368,698	-
Pension Related	8,882,128	-
OPEB RHIA Related	157,160	-
OPEB HBRP Related	109,410	-
Total Deferred Outflows of Resources	9,517,396	-
Total Assets and Deferred Outflows of Resources	\$ 662,728,352	\$ 538,925,352

See accompanying Notes to Financial Statements.

**HOME FORWARD
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

	<u>Home Forward</u>	<u>Discretely Presented Component Units</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,482,665	\$ 7,177,637
Line of Credit	7,839,932	-
Accrued Interest Payable, Payable from Restricted Assets	475,123	-
Other Accrued Liabilities	4,159,621	29,299,659
Unearned Revenue	12,355,127	609,303
Deposits, Payable from Restricted Assets	3,313,577	659,931
Current Portion of Notes Payable	1,841,126	1,216,188
Current Portion of Bonds Payable	1,607,446	-
Current Portion of Bonds Payable - Partnerships	90,509,521	-
Total Current Liabilities	129,584,138	38,962,718
NONCURRENT LIABILITIES		
Notes Payable - Long-Term	69,770,918	428,800,673
Bonds Payable - Long-Term	22,855,707	-
Bonds Payable - Partnerships	50,283,228	-
Accrued Interest - Long-Term	5,527,234	13,317,918
Net Pension Liability	31,862,281	-
Total OPEB Liability - HBRP	932,648	-
Derivative Instruments	368,698	-
Other Liabilities	-	23
Total Noncurrent Liabilities	181,600,714	442,118,614
Total Liabilities	311,184,852	481,081,332
DEFERRED INFLOWS OF RESOURCES		
Pension Related	1,514,913	-
OPEB RHIA Related	28,845	-
OPEB HBRP Related	661,445	-
Total Deferred Inflows of Resources	2,205,203	-
Total Liabilities and Deferred Inflows of Resources	313,390,055	481,081,332
NET POSITION		
Net Investment in Capital Assets	37,740,446	56,112,611
Restricted:		
Net OPEB Asset	169,736	-
Real Estate Sale Proceeds	9,977,236	-
Residual Receipts	14,755	1,637,044
Funds Held in Trust	13,237,262	8,640,672
Unused PILOT Funds	9,983	-
Program Reserves	7,097,897	-
Total Restricted	30,506,869	10,277,716
Unrestricted	281,090,982	(8,546,307)
Total Net Position	349,338,297	57,844,020
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 662,728,352	\$ 538,925,352

See accompanying Notes to Financial Statements.

HOME FORWARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

	Home Forward	Discretely Presented Component Units
OPERATING REVENUES		
Dwelling Rental	\$ 19,862,132	\$ 31,983,107
Nondwelling Rental	2,737,805	223,402
HUD Operating Subsidies	132,209,662	1,371,524
HUD Grants	13,097,398	-
Development Fee Revenue	9,058,040	-
State, Local, and Other Grants	29,300,567	-
Other	6,520,663	2,033,191
Total Operating Revenues	212,786,267	35,611,224
OPERATING EXPENSES		
Housing Assistance Payments	131,707,373	271
Administration	20,045,023	6,354,159
Tenant Services	8,912,368	3,210,083
Program Expense	13,171,265	1,739,755
Utilities	4,815,190	5,025,468
Maintenance	11,630,160	8,347,896
Depreciation	7,977,768	20,016,775
General and Other	2,465,907	2,970,042
Total Operating Expenses	200,725,054	47,664,449
OPERATING INCOME (LOSS)	12,061,213	(12,053,225)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	2,961,083	167,657
Interest Expense	(2,760,328)	(6,949,652)
Financing Costs	(1,345,163)	-
Loss on Disposal of Capital Assets	(401,343)	(27,871)
Gain on Sale of Capital Assets	2,838,453	-
Other Expense	(1,294,717)	-
Total Nonoperating Revenues (Expenses), Net	(2,015)	(6,809,866)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	12,059,198	(18,863,091)
CAPITAL CONTRIBUTIONS		
HUD Nonoperating Contributions	355,215	-
Partner Contributions	-	3,430,411
Total Capital Contributions	355,215	3,430,411
INCREASE (DECREASE) IN NET POSITION	12,414,413	(15,432,680)
Net Position - Beginning of Year	336,923,884	73,276,700
NET POSITION - END OF YEAR	\$ 349,338,297	\$ 57,844,020

See accompanying Notes to Financial Statements.

**HOME FORWARD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

	Home Forward
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from HUD Grants	\$ 144,402,944
Receipts from State, Local, and Other Grants	21,439,556
Receipts from Tenants and Landlords	21,466,855
Receipts from Developer Fees	354,091
Receipts from Others	5,748,959
Receipt of Cash Restricted for Deposits Payable	2,046
Payments to Landlords	(132,013,329)
Payments to and on Behalf of Employees	(29,424,501)
Payments to Vendors, Contractors, and Others	(23,389,650)
Net Cash Provided by Operating Activities	8,586,971
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Line of Credit	6,495,179
Payments on Line of Credit	(2,655,247)
Net Cash Provided by Noncapital Financing Activities	3,839,932
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Line of Credit	17,000,000
Payments on Line of Credit	(13,000,000)
Proceeds from Issuance of Notes Payable	17,294,372
Proceeds from Issuance of Bonds Payable - Partnerships	6,847,109
Interest Paid on Notes and Bonds Payable	(3,018,862)
Principal Payments on Notes Payable	(17,249,598)
Principal Payments and Amortization of Premium and Discount on Bonds Payable	(3,834,901)
Principal Payments on Bonds Payable - Partnerships	(834,257)
HUD Capital Contributions	518,823
Other Nonoperating Contributions, Net	(1,294,717)
Acquisition and Construction of Capital Assets	(11,110,367)
Proceeds from the Sale of Capital Assets	3,469,809
Net Cash Used by Capital and Related Financing Activities	(5,212,589)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(398,155)
Financing Fees Paid	(1,345,163)
Issuance of Notes Receivable	(20,172,574)
Issuance of Notes Receivable - Partnerships	(5,074,924)
Collections on Notes Receivable	12,747,807
Collections on Notes Receivable - Partnerships	834,257
Change in Due from Partnerships, Net	(99,648)
Change in Investments in Partnerships, Net	(36)
Investment Income Received	5,037,084
Net Cash Used by Investing Activities	(8,471,352)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,257,038)
Cash and Cash Equivalents - Beginning of Year	84,374,418
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 83,117,380

See accompanying Notes to Financial Statements.

**HOME FORWARD
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
FROM OPERATING ACTIVITIES**

Operating Income	\$ 12,061,213
Adjustments to Reconcile Operating Income to Cash Flows Provided by Operating Activities:	
Depreciation	7,977,768
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts Receivable, Net	(12,300,080)
Developer Fee Receivable	(8,703,952)
Prepaid Expenses	(1,730,824)
Accounts Payable	3,851,555
Other Accrued Liabilities	1,407,874
Unearned Revenue	2,414,740
Deposits, Payable from Restricted Assets	2,046
Deferred Outflows of Resources - Pensions	(2,764,645)
Deferred Outflows of Resources - OPEB	(199,670)
Deferred Inflows of Resources - Pensions	(667,903)
Deferred Inflows of Resources - OPEB	(8,855)
Net Pension Liability	7,087,670
Net OPEB Asset and Net OPEB Liability	160,034
Net Cash Provided by Operating Activities	<u>\$ 8,586,971</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS

Notes Receivable Acquired in Exchange for Properties	\$ 1,772,185
Change in Investment in Partnerships	36
Total Noncash Transactions	<u>\$ 1,772,221</u>

See accompanying Notes to Financial Statements.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Federal Housing Act of 1937 authorized public housing authorities. Utilizing the 1937 Federal Housing Act, the Portland City Council established the Housing Authority of Portland as a municipal corporation under the Oregon Revised Statutes in December 1941. On May 18, 2011, Home Forward changed its legal name from Housing Authority of Portland to Home Forward. Housing Authority of Portland is now a registered name of Home Forward. Home Forward is a municipal corporation located in Portland, Oregon.

Beginning on April 1, 2018, Home Forward changed its fiscal year-end from March 31 to December 31. To implement this change in fiscal year, the financial statements, footnotes and supplementary information provided within this report are presented for a single 12-month year beginning January 1, 2020 and ending December 31, 2020.

Home Forward is governed by a nine-member Board of Commissioners; four appointments are recommended by the City of Portland, two by the City of Gresham, two by Multnomah County and one representative from participants of Home Forward's housing programs. Home Forward is not financially dependent on the City of Portland and is not considered a component unit of the City. The Executive Director is appointed by the Board and is responsible for the daily functioning of Home Forward.

The governmental reporting entity consists of Home Forward, the primary government, and its blended and discretely presented component units.

Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationship with Home Forward are such that exclusion would cause the Home Forward's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Home Forward's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on Home Forward. The basic financial statements include both blended and discretely presented component units. The blended component units are legally separate entities, and are considered, in substance, part of Home Forward's operations, and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government.

Blended Component Units

Home Forward's operations include five blended component units, which are included in the basic financial statements and consists of legally separate entities for which Home Forward is financially accountable.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units (Continued)

Home Forward Development Enterprises (HFDE), formerly known as New Columbia Community Campus Corporation (N4C) was formed in 2005 to support the New Columbia Community. On April 16, 2013, N4C changed its name to Home Forward Development Enterprises and was repurposed to support all of Home Forward's development and housing operations efforts.

Home Forward Community Partnerships (HFCP), formerly known as Evergreen Housing was formed in 1988 to support Home Forward for charitable purposes as permitted by Section 501(c)(3) of the Internal Revenue Code. On December 2, 2015 Evergreen Housing changed its name to Home Forward Community Partnerships.

St. Francis, LLC was formed September 17, 2015, as a result of the purchase of St. Francis Limited Partnership due to a HUD debt refinancing requirement.

Gateway Park Apartments Limited Partnership (Gateway Park LP) was formed as a Tax Credit Limited Partnership on November 7, 2002 to purchase and rehabilitate a 144 unit apartment complex located on NE 100th Avenue. On March 1, 2018, Key Community Development Corporation transferred their interest as the Limited Partner to HFDE.

Home Forward Insurance Group LLC (HFIG) was formed December 14, 2020 to support Home Forward in long term risk management program savings through use of a formalized self-insurance program.

Home Forward is legally entitled to or can otherwise access the resources of HFDE, HFCP, HFIG, St. Francis, LLC, and Gateway Park LP at the discretion of Home Forward management. Because HFDE, HFCP, HFIG, St. Francis, LLC, Gateway Park LP and Home Forward have this financial and operational relationship, generally accepted accounting principles requires that the financial statements of these entities be blended into the Home Forward financial statements.

Discretely Presented Component Units

Home Forward follows the guidance provided by the Governmental Accounting Standards Board (GASB) for the relationship of housing authorities as general partners of limited low income tax credit partnerships whereby the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to the housing authority. For these entities, Home Forward exercises the majority of control over day-to-day operations.

Home Forward is the general partner and owns a 0.01% to 1% investment in each of the following discretely presented component unit limited partnerships:

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Units (Continued)

General Partner Ownerships presented in December 31, 2020 discretely presented component unit results:

- 1115 SW 11th Avenue Limited Partnership
- Beech Street Limited Partnership
- Cecelia Limited Partnership
- Civic Redevelopment Limited Partnership
- East Group Limited Partnership
- Haven Limited Partnership
- Humboldt Gardens Limited Partnership
- Jeffery Apartment Limited Partnership
- Lloyd Housing Limited Partnership
- North Group Limited Partnership
- RAC Housing Limited Partnership
- Square Manor Limited Partnership
- Stephens Creek Crossing North Limited Partnership
- Stephens Creek Crossing South Limited Partnership
- Trouton Limited Partnership
- Woolsey Limited Partnership
- Wests Limited Partnership
- Woods East Limited Partnership
- FP2 Limited Partnership

As a general practice, Home Forward's liability is not limited to initial investment and/or any future funding requirements. The limited partnerships have a December 31 year-end and complete financial statements may be obtained by contacting the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204.

Programs Administered by Home Forward

Home Forward administers Annual Contribution Contracts to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD) and develops and manages affordable properties. Programs administered by Home Forward are as follows:

Public Housing

Home Forward owns, operates and maintains 645 units at December 31, 2020. The properties with Public Housing units were acquired through grants and subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD. Funds from the Capital Grant Program provided by HUD are used to maintain and improve this Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these capital grant funds.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs Administered by Home Forward (Continued)

Rent Assistance

Section 8 of the U.S. Housing and Community Development Act of 1974 provides Housing Assistance Payments on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a rental-housing owner and a family, rather than Home Forward and a family as in the Public Housing program. For approved housing, HUD contracts with Home Forward to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families, between 28.5% and 31% of adjusted household gross income. Housing Assistance Payments made to landlords and some participants are funded through Annual Contributions Contracts. At December 31, 2020, Home Forward administered approximately 10,764 vouchers through several programs authorized by Section 8. Additionally, Home Forward administers the Short-Term Rent Assistance program on behalf of the City of Portland, the City of Gresham, and Multnomah County.

Affordable Housing and Special Needs Housing

Home Forward owns or is a partner in 6,229 units of housing. The Affordable Housing portfolio consists of 63 multifamily properties representing 5,584 units, of which 3,103 are owned through tax credit partnerships. The Special Needs portfolio consists of 31 properties representing 498 units. The Special Needs properties were developed using grant funds received from the State of Oregon and Federal programs combined with contributions from Home Forward and other local agencies.

Resident Services

Home Forward coordinates and provides social and economic development programs for families and administers a variety of community housing and service partnerships throughout Multnomah County. Funding for these programs comes from HUD, Medicare, participant fees, charitable organizations and private donations.

Development

Home Forward pursues development projects that augment the supply of low-cost housing, provides essential services to residents and revitalizes overall communities. These projects include renovation of older/existing housing, new construction and pilot projects.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Home Forward operates as an enterprise activity. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Home Forward distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are derived from providing services in connection with Home Forward's ongoing operations. Operating revenues generally include rental income, operating subsidies, operating grant revenue and development fee income. Operating expenses generally include housing assistance payments, occupancy charges, development services, tenant services, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are classified as nonoperating revenues and expenses.

Use of Estimates

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

Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is Home Forward's policy to use restricted resources first and the unrestricted resources as they are needed.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is classified in the following three components:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted

This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted

This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts deposited in checking, money market accounts and the Oregon Local Government Investment Pool (LGIP) or investments with original maturities of 90 days or less. The LGIP is managed by the Oregon State Treasurer as an alternative to commercial money market accounts. Deposits are subject to collateral requirements. Deposits in the LGIP are recorded at fair value, which is the same as the value of the pool shares. Investments in the LGIP are included in the Oregon Short-Term Fund, which is not registered with the U.S. Securities and Exchange Commission as an investment company. Investments in the Oregon Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board.

Cash and Cash Equivalents – Restricted and Investments – Restricted

This consists of funds set aside for:

Family Self-Sufficiency Funds consist of amounts deposited under the Family Self-Sufficiency (FSS) program. Under the FSS program, if the income of a tenant enrolled in the program increases, instead of decreasing the subsidy amount, the original subsidy continues to be paid and the difference between the original and new subsidy amount is deposited into an escrow account. If the tenant enrolled in the program attains certain target goals related to self-sufficiency, the tenant is awarded money from the escrow account to use for various purposes stated in the tenant’s self-sufficiency plan such as college tuition or a down payment for the purchase of a home.

Tenant Security Deposits represent the refundable deposits received from tenants and held in trust to secure the performance of a rental agreement. As of Tenant security deposits in excess of any outstanding damage or rent charges must be returned to the departing tenants within 31 days after the termination of the tenancy. The funds are typically held in segregated bank accounts since these funds may not be used for operations. Effective March 1, 2020 the City of Portland released the Portland FAIR Ordinance which established new requirements for landlords related to interest earnings and reporting requirements for security deposits. Home Forward ceased collection of security deposits as of January 1, 2020 however deposits collected before that date were grandfathered and continue to be allowed to earn interest that may be retained for operations.

Rental Assistance Demonstration Acquisition Proceeds are externally restricted funds which consist of net proceeds received from the sale of 1,930 public housing units to various Limited Partnerships. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – Restricted and Investments – Restricted (Continued)

Section 18 Acquisition Proceeds are externally restricted funds which consist of net proceeds received from the sale of 1,084 public housing units to various Limited Partnerships. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

Residual Receipts Reserve is maintained for the Multnomah Manor property, which is included in Home Forward's Affordable Housing Portfolio, and consists of surplus cash on hand at the end of each fiscal year, less authorized disbursements to date plus interest earned on the deposits. As of December 31, 2020, the reserve is funded as required.

Funds Held in Trust consist primarily of replacement reserves held in trust and by Home Forward for Affordable Housing properties owned and operated by Home Forward. In addition, the balance includes performance guarantee and other funds held in trust and by Home Forward under various agreements. The reserves are invested in interest-bearing bank accounts and are externally restricted for the purposes of maintaining required reserve funds or purchasing or constructing capital assets or other noncurrent assets. As such, the amounts are classified as restricted, noncurrent assets. During the year ended December 31, 2020, the reserves were funded as required under the various agreements.

Debt Service Funds include externally restricted funds on deposit with various trustees relating to the servicing of debt. Funds are invested in guaranteed investment contracts and short-term marketable securities.

PILOT funds are maintained to fund Payments in Lieu of Taxes (PILOT) on certain rental properties owned by Home Forward. Under an agreement with the city of Portland, Home Forward is required to make an annual payment equal to \$200,000. Home Forward also makes annual payments to the city of Fairview. Total payment to city of Fairview for the year ended December 31, 2020 was \$29,877.

In August 2020, the Board of Commissioners approved Resolution 20-08-02 authorizing Home Forward to establish a pure captive insurance limited liability company domiciled in the State of Hawaii. On December 24, 2020, HFIG was formed and licensed. The Captive is a Class 2 limited liability company managed by Home Forward as the sole member and will insure the risks of Home Forward and its affiliates. Pursuant to Hawaii Revised Statutes 431:19-104, HFIG's minimum required capital and surplus of \$500,000 was on deposit in the Corporation's name at First Hawaiian Bank on December 24, 2020.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Risk

Federal regulations require that public funds on deposit with financial institutions be secured at a rate of 100% of amounts in excess of deposit insurance coverage. Home Forward maintains cash balances at several financial institutions, some in excess of the federally insured amount of \$250,000 per Employer Identification Number. Financial institutions insure these excess balances either via the Oregon state treasurer's office by designating these balances as Public Funds per ORS 295 or via other collateral agreements at the Bank of New York Mellon. At December 31, 2020, all of Home Forward's funds were collateralized.

Investments

Pursuant to Home Forward's Moving to Work Agreement with the Department of Housing and Urban Development (HUD), Home Forward's Investment Policy dated September 2013 is written in conformance with ORS Chapter 456 – Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and Applicable Federal Law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 – County and Municipal Financial Administrations, which allows for federal funds to be invested in securities permitted under Oregon state law.

HF Insurance Group, LLC deposits cash and makes investment purchases in accordance with its Cash and Investment Policy. The policy defines how the funds are to be managed and invested by HFIG. The policy applies to activities of HFIG with regard to maintaining and investing the financial assets of operating funds, loss reserves, and other financial sources.

Due from Partnerships, Net

Consists primarily of development and management fees earned by Home Forward through its involvement as the General Partner in tax credit partnerships and partnership project costs paid by Home Forward on behalf of the partnerships (see Note 5). The fees are typically paid based on the availability of net cash flow of the partnerships or from the proceeds of capital contributions to the partnerships. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables.

Notes Receivable (Noncurrent)

Consists primarily of loans to tax credit partnerships for the development of affordable housing. These loans have a maturity date greater than one year in duration. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables (see Note 6).

Notes Receivable – Partnerships, Net

Consists of required payments to be made by the Partnerships to Home Forward to pay required debt service payments on the Multi-Family Housing Revenue Bonds in which Home Forward has an ownership interest.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Partnerships

Represents Home Forward's equity interest in 19 limited partnerships, which are reported as Home Forward's discretely presented component units (see Note 7). These investments are accounted for under the equity method because Home Forward either holds a controlling interest or has "significant influence" over the operations of the partnerships.

Under the equity method, the initial investment is recorded at cost and is increased or decreased by Home Forward's share of income or losses and is increased by contributions and decreased by distributions. Management reviews the investment in partnerships for possible impairment in value whenever events or circumstances indicate the carrying value of the investment may not be recoverable.

Capital Assets

Capital Assets include land, construction in progress, buildings and improvements, and equipment. All capital assets are recorded at cost except for donated capital assets which are recorded at acquisition value at the time of donation. Depreciation is computed on the straight-line method based on the estimated useful lives of the individual assets: 15 to 40 years for buildings and improvements and 3 to 20 years for equipment. When debt is issued for construction of capital assets, interest is capitalized during construction up to the placed-in-service date. Maintenance and repairs are charged to expense when incurred. Assets with costs in excess of \$5,000 are capitalized and depreciated from the respective placed-in-service date.

Management reviews land, buildings and improvements, equipment, and construction in progress for possible impairment whenever events or circumstances cause a material and unanticipated decline in the service utility of an asset. Impairment is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources (expense) until then. Home Forward has three items that qualify for reporting in this category. The deferred amount related to pensions is recognized as an outflow of resources in the period when Home Forward recognizes pension expense. The deferred amount related to OPEB is recognized as an outflow of resources in the period when Home Forward recognizes OPEB expense. The deferred amount related to derivative instruments represents the fair value of swap agreements recognized as a liability in Home Forward's statement of net position with the offsetting losses in deferred outflows of resources.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. Home Forward has two types of items that qualify for reporting in this category. The deferred amount related to pensions is recognized as an inflow of resources in the period Home Forward recognizes a reduction of pension expense. The deferred amount related to OPEB is recognized as an inflow of resources in the period Home Forward recognizes a reduction of OPEB expense.

Net OPEB (Asset)/Liability

Home Forward has two other post-employment benefits (OPEB) plans: 1. Retirement Health Insurance Account (RHIA) and 2. Home Forward Health Benefit Retiree Program (HBRP). For purposes of measuring the net OPEB RHIA asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 16). For purposes of measuring the total OPEB HBRP liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been actuarially determined using assumptions regarding the future cost of the retiree health plan and that it will retain its current relationship to the cost of the active plan, and that the active plan cost will maintain a reasonable relationship to direct compensation (see Note 16).

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 15).

Unearned Revenue

Unearned revenue consists primarily of land lease prepayments, advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of December 31, 2020.

Other Accrued Liabilities – Current

Represents the current liabilities due and payable to the General Partner for operating expenses paid on behalf of the Limited Partnership. These include wages and purchase card transactions.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Operating subsidies are recognized in the period funds are received. Revenues from grants are recognized in the periods designated by the grantor as the associated costs are incurred. Revenues from contracts and rental revenues are recognized when the associated services are provided.

Compensated Absences

All full-time and part-time employees who are regularly scheduled to work at least 20 hours per week are eligible to earn paid annual leave. Eligible employees begin to accrue annual leave as of their hire date; however, the accrued time does not become earned, useable or payable until the completion of 90 days of continuous service. Earned paid annual leave time may be carried over and accumulated up to a maximum of two years' accrual as of January 1 of any year. Total accrued compensated absences as of the year ended December 31, 2020 were \$2,387,003 and are a component of other accrued liabilities.

Income Taxes

Home Forward adopted the provisions of FASB ASC *Topic 740-10 Accounting for Uncertainty in Income Taxes* on April 1, 2009, as applicable to the tax credit limited partnerships presented as discretely presented component units in the basic financial statements. These Oregon tax credit limited partnerships were formed in conformity with the provisions of Section 42 of the Internal Revenue Code, thus no provision has been made for income taxes. There was no effect on net position in the current year as a result of adopting this Topic. No expense for interest or penalties is recognized in the financial statements. Management believes the tax credit limited partnerships have not taken any uncertain tax positions, as defined in the Topic.

Effect of New Pronouncements

For the fiscal year ended December 31, 2020, Home Forward has adopted the following GASB statements:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. The implementation of this Statement had no impact on Home Forward.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying activities for state and local governments, focusing on (1) whether the government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. The implementation of this Statement had no impact on Home Forward.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowing and direct placements and clarifies which liabilities governments should include when disclosing information related to debt.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Pronouncements (Continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of this Statement had no impact on Home Forward.

Home Forward is currently analyzing its accounting practices to identify the potential impact on the financial statements for the following GASB statements:

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Pronouncements (Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The purpose of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement was implemented in 2019; however, the Statement continues to have an impact on upcoming standards. The Statement Postpones GASB Statement 87, *Leases*, by 18 months and postpones the following Statements by 12 months:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans.

HOME FORWARD
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NOTE 2 LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS

The low-income housing tax credit program is the result of federal legislation that allows investors certain tax incentives for investing in low-income housing. Under terms of the federal tax code and extended use agreements with the state of Oregon, the buildings must continue to serve the targeted population for 30 years; after 15 years, Home Forward has the option to purchase the property from the partnership.

Tax Credit Limited Partnerships are created to finance and own affordable housing. Home Forward acts as Managing General Partner of each partnership. Although each Tax Credit Limited Partnership is structured differently, they are generally financed via loans to the partnership, contributions of equity by the general and limited partners, and other sources. In some transactions, Home Forward issues bonds and loans the proceeds to the Tax Credit Limited Partnership. Tax-exempt bond issuances are secured by the underlying partnership real estate and, in some cases, by the general revenues of Home Forward. The bonds and notes payable are offset by notes receivable from the partnerships. The partnerships make payments to Home Forward for debt service. Home Forward may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are received by Home Forward and lent to the partnerships. These funds are accounted for as notes receivable from the partnerships if the proceeds are used for developing the property. Other advances are included in amounts due from partnerships and are reflected in Note 5. Notes payable related to the partnerships are reflected in Note 11. A summary of Home Forward's long-term debt, including debt pertaining to the tax credit partnerships, is reflected in Note 12. A summary of notes receivable from the partnerships is reflected in Note 6.

Home Forward typically earns a developer's fee for its role in bringing the project to fruition. These fees are earned based on certain events or dates relative to the development of the project. Developer fees are paid primarily from development proceeds and available cash flows. Under the various partnership agreements, the balance of developer fees not paid during the construction phase are generally required to be paid within 10 to 15 years of the project having been placed in service and may accrue interest on unpaid balances. For the year ended December 31, 2020, Home Forward earned \$9,058,040 in developer fees and was paid \$354,091.

At December 31, 2020, the balance of the development fees owed to Home Forward is \$26.8 million. The fees are included within notes receivable on the statement of net position. Some tax credit projects also pay a General Partner's management fee and/or a tenant services fee; these fees are reflected in other operating revenues and totaled \$362,817 as of December 31, 2020.

Home Forward did not purchase the remaining interest of any of its Tax Credit Limited Partnerships during the year ended December 31, 2020.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Pursuant to Home Forward's Moving to Work Agreement with HUD, Home Forward's Investment Policy dated September 2013 is written in conformance with ORS Chapter 456—Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 – County and Municipal Financial Administration, which allows for federal funds to be invested in securities permitted under Oregon state law.

As of the year ended December 31, 2020, cash and investments consisted of the following:

Cash and Cash Equivalents	\$ 47,080,598
Cash and Cash Equivalents - Restricted	36,036,782
Total Cash and Cash Equivalents	<u>\$ 83,117,380</u>
Investments	\$ 690,599
Investments - Restricted	973,115
Total Investments	<u>\$ 1,663,714</u>

At December 31, 2020, all of Home Forward's bank balances were insured first by federal depository insurance of \$250,000 per institution and any balances in excess of that amount were collateralized by either a Tri-Party agreement or by the Oregon State Public Funds Collateral Pool.

Investment Risk Disclosures

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Home Forward will not be able to recover the value of the investment securities that are in the possession of the outside party. As of the year ended December 31, 2020, all investments were insured or registered, and held by Home Forward or its agent in Home Forward's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in Home Forward's name and were not exposed to custodial credit risk.

Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as described by a nationally recognized statistical rating organization such as Standard and Poor's (S&P).

To minimize credit risk, Home Forward's policies provide that investments in corporate indebtedness are rated a minimum of A1, P1, 3a3 and investments in municipal debt obligations of the state of Oregon that are A or better. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investment Risk Disclosures (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of Home Forward's investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). To minimize concentration of credit risk, Home Forward's investments are made from a selection of diverse issuers. As of December 31, 2020, Home Forward is not exposed to concentration risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Home Forward selects investments of varied maturities to mitigate this risk.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In accordance with Home Forward's investment policy, Home Forward does not invest in securities associated with exchange rates and therefore is not exposed to foreign currency risk.

As of the year ended December 31, 2020, Home Forward's restricted investments consist of a guaranteed investment contract and a repurchase agreement with Bayerische with a S&P rating of AAA and a weighted average maturity more than three years in the amount of \$476,280 and \$496,835, respectively.

Investments restricted at December 31, 2020 mature between January 2027 and December 2029 and the interest rate on the investments ranges from 4.39% to 4.57%.

Fair Value of Financial Instruments

Investments held by Home Forward are stated at fair value, which is defined 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. Home Forward determines the fair value of these investments on a monthly basis, based on quoted market prices. Outside trustees provide monthly statements to report the fair value and pricing of the assets held by them, which are also based on quoted market prices. During Fiscal Year 2017, Home Forward adopted GASB 72 *Fair Value Measurement and Application*. GASB 72 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Home Forward has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 as compared to December 31, 2019. Investments in derivatives are valued based upon quoted prices for similar assets in active markets.

Certificates of Deposit and Guaranteed Investment Contracts are carried at amortized cost, thus are not included in the fair value hierarchy.

Investments Not Subject to Fair Value Levels:

Certificate of Deposit	\$ 288,506
Guaranteed Investment Contract	476,280

The following table sets forth by level, within the fair value hierarchy, Home Forward's assets and liabilities at fair value as of December 31, 2020:

	<u>Total</u>	<u>Level 2</u>
Repurchase Agreement	\$ 496,835	\$ 496,835
U.S. Government Securities	402,093	402,094
Derivative Instrument	(368,698)	(368,698)

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of the year ended December 31, 2020:

HUD Grants	\$ 4,209,512
State, Local, and Other Grants	2,288,231
Tenants and Landlords	3,063,071
Other	8,797,051
Total Accounts Receivable	<u>18,357,865</u>
Less: Allowances for Doubtful Accounts	<u>(832,011)</u>
Accounts Receivable, Net	<u><u>\$ 17,525,854</u></u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 DUE FROM PARTNERSHIPS

Due from Partnerships consists of the following as of the year ended December 31, 2020:

Stephen's Creek Crossing North (4%)	\$ 50,979
Cecelia Limited Partnership	746,428
Woolsey Limited Partnership	752,751
West's Limited Partnership	189,262
Stephen's Creek Crossing North (9%)	42,627
Woods East Limited Partnership	8,364
Square Manor Limited Partnership	167,972
Lloyd Housing Limited Partnership	14,072
North Group Limited Partnership	253,368
East Group Limited Partnership	659,599
All Other Partnerships	<u>754,442</u>
Total Due from Partnerships	3,639,864
Less: Allowances for Doubtful Accounts	<u>(1,829,246)</u>
Due from Partnerships, Net	<u>\$ 1,810,618</u>

NOTE 6 NOTES RECEIVABLE AND ACCRUED INTEREST

Notes and accrued interest receivable consist of the following as of December 31, 2020:

Partnerships Notes	\$ 382,415,224
Nonpartnerships Notes	3,145,000
Homeowners Notes	<u>208,300</u>
Total Notes Receivable	385,768,524
Accrued Interest Receivable	12,580,510
Less: Allowances for Doubtful Accounts	<u>(9,754,237)</u>
Total Notes and Accrued Interest Receivables, Net	<u>\$ 388,594,797</u>

Partnership notes have been issued to the limited partnerships invested in by Home Forward. These notes are used for the purpose of acquiring, constructing, and/or remodeling buildings for housing and other housing related purposes. These notes have an interest range of 0% to 6% with various maturity dates through 2074. As described in each note agreement, payments will be made from available cash flows.

Home Forward shares a long-term commitment with Neighborhood House to operate an early childhood education center at the Stephens Creek Crossing Children Center. This note is included within Nonpartnership Notes above.

Homeowners' notes are secured by deed of trust and no longer accrue interest. Deferred interest was forgiven if the owner completed required homeowner education classes and remained in the house for five years. Principal is payable upon sale of property or various dates between 2033 through 2037.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 INVESTMENTS IN PARTNERSHIPS

Investments in partnerships consist of the following as of December 31, 2020:

<u>Investments in Limited Liability Partnerships</u>	
RAC Housing Limited Partnerships	\$ 21,185,411
Cecelia Limited Partnership	1,272,598
Haven Limited Partnership	515,843
The Jeffrey Limited Partnership	50,931
St. Francis Park Limited Partnership	442,816
Square Manor Limited Partnership	291,673
North Group Limited Partnership	69
Fountain Place 2	100
Lloyd Housing Limited Partnership	2,210,703
Total Investments in Partnerships	<u>\$ 25,970,144</u>

NOTE 8 CAPITAL ASSETS

Land, structures, and equipment activity of Home Forward was as follows for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Disposals	Transfers	Balance, December 31, 2020
Land	\$ 30,465,573	\$ 2,640,969	\$ (958,489)	\$ -	\$ 32,148,053
Construction in Progress	4,786,971	8,255,731	(1,770,439)	(3,146,093)	8,126,170
Total Capital Assets Not being Depreciated	35,252,544	10,896,700	(2,728,928)	(3,146,093)	40,274,223
Buildings and Improvements	204,710,911	-	(3,595,814)	2,508,507	203,623,604
Equipment	12,376,834	12,583	(134,383)	637,586	12,892,620
	217,087,745	12,583	(3,730,197)	3,146,093	216,516,224
Less Accumulated Depreciation:					
Buildings and Improvements	(106,956,272)	(7,526,570)	323,613	-	(114,159,229)
Equipment	(10,614,546)	(451,198)	39,639	-	(11,026,105)
	(117,570,818)	(7,977,768)	363,252	-	(125,185,334)
Total Capital Assets being Depreciated	99,516,927	(7,965,185)	(3,366,945)	3,146,093	91,330,890
Total Capital Assets, Net	<u>\$ 134,769,471</u>	<u>\$ 2,931,515</u>	<u>\$ (6,095,873)</u>	<u>\$ -</u>	<u>\$ 131,605,113</u>

During the year ended December 31, 2020, Home Forward transferred capital assets and construction in progress projects to FP2 Limited Partnership with a net book value of \$3,922,745. Proceeds from the sale included a long-term note receivable in the amount of \$1,772,185 which represents 26% of the acquisition price.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 LINES OF CREDIT

Home Forward has an \$8,000,000 operating revolving line of credit. The line of credit is used for short-term funding needs. The line of credit is collateralized by the general revenues of Home Forward, maturing December 1, 2024. Draws on the line of credit may bear a fixed or variable rate of interest. During the year ended December 31, 2020, gross draws, including initial draws and draws after repayments, on the line of credit were \$17,000,000 which represents both principal and accrued interest. The remaining outstanding line of credit balance for December 31, 2020 was \$4,000,000.

A summary of activity for Home Forward's line of credit for year ended December 31, 2020 is as follows:

Balance January 1, 2020	Draws	Repayments	Balance December 31, 2020
\$ -	\$ 17,000,000	\$ (13,000,000)	\$ 4,000,000

Home Forward has a ten 10-year, \$20,000,000 real estate revolving line of credit, maturing December 20, 2028. The line of credit will be used to provide capital for real estate development activities. Collateral requirements include first deed of trust (and assignment of rents, if applicable) on a real estate collateral pool with a 75% maximum commitment to collateral value (75% LTV). Home Forward has identified that the three properties Grace Peck, Rosenbaum Plaza and Unthank will serve as the properties for the collateral pool. As borrower, Home Forward has the option to replace the properties identified as collateral provided other covenants are in compliance of the new collateral. Additional requirements are that for accounts which are wholly owned and/or controlled by Home Forward. Home Forward will aggregately maintain a minimum of \$12,500,000 in deposit balances at Beneficial State bank during the term of the credit facility and Home Forward will maintain a 5-year certificate of deposit of \$275,000 with Beneficial State Bank.

Draws on the line of credit may bear a fixed or variable rate of interest. During the year ended December 31, 2020, gross draws, including initial draws and draws after repayments, on the line of credit were \$6,495,179 which represents both closing costs and accrued interest. The remaining outstanding line of credit balance for the year ended December 31, 2020 was \$3,839,932.

A summary of activity for Home Forward's line of credit for the year ended December 31, 2020 is as follows:

Balance January 1, 2020	Draws	Repayments	Balance December 31, 2020
\$ -	\$ 6,495,179	\$ (2,655,247)	\$ 3,839,932

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 NOTES PAYABLE

Notes payable of Home Forward consist of the following as of December 31, 2020:

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Schiller Way	1.50 %	2030	Monthly	Deed of Trust	Borrower fails to pay principal and interest and doesn't cure within 15 days after due date and Lender may declare all sums owed	If Borrower becomes insolvent all principal and interest become automatically due	N/A	\$ 359,236
Schiller Way	4.14	2021	Monthly	Deed of Trust	Borrower fails to pay principal and interest and doesn't cure within 15 days after due date and Lender may declare all sums owed	If Borrower becomes insolvent all principal and interest become automatically due	N/A	2,338
Richmond Place	3.00	Sale of Property	Cash Flow	Deed of Trust	Beneficiary may declare all principal balance and accrued interest due immediately if loan payments are not paid by due date; beneficiary may take possession of property and collect all rents	Failure to disclose (any misrepresentation), beneficiary has the option to disclose all principal balance and interest immediately due	N/A	862,042
Turning Point	7.49	2032	Monthly	Secured by Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing and a Pledge and Security Agreement	Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement. Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period, if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days	Not applicable	N/A	303,581
Willow Tree	4.42	2036	Monthly	Secured by Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing and a Pledge and Security Agreement	Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement. Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period, if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days	Not applicable	N/A	513,877
Cambridge Court	1.00	2032	Monthly	Lender has a lien on the land and all improvements and a security interest in personal property	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property	Not applicable	N/A	407,883
Cambridge Court	-	2032	Cash Flow	Lender has a lien on the land and all improvements and a security interest in personal property	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property	Not applicable	N/A	395,975
Dawson Park	3.00	2022	Cash Flow	Assignment of leases and rents and real property to the Lender	Borrower fails to pay debt owed to Lender, fails to maintain property, fails to have insurance, failure to pay liens, taxes and assessment, failure to abide by loan agreement, failure to maintain a reserve for real property taxes, failure to keep senior liens current, failure to not permit additional liens for financing without consent will make the unpaid principal balance due immediately	Not applicable	N/A	316,856
Ferwick Apts	3.77	2025	Monthly	Trust deed, security agreement, assignment of leases and rents, and fixture filing	Borrower fails to make payment of any amount payable under this loan entire indebtedness becomes immediately due	Not applicable	N/A	996,925
Ferwick Apts	-	Sale of Property	Cash Flow	Security agreement in property including accessories, additions, replacements and accession now and hereinafter affixed connected to property	Failure to pay sum due under this agreement within 10 days, failure to pay general debts when due, failure to comply with covenants under agreement and not cured within 30 days, failure to obtain lender's consent to transaction (sale, transfer of proceeds from agreement), failure to disclose material facts, default under other loans, default by guarantor or failure to replace guarantor within 90 days. Lender may declare the entire remaining balance of principal and interest due immediately. Lender can place a lien on the land and all buildings and improvements. Lender may take action to recover monetary damages caused by violation or attempted violation of any covenant, condition, agreement or obligation. Damages can include but not be limited to all costs, expenses, including but not limited to staff and administrative expenses, fees including legal	Not applicable	N/A	1,176,730
Ferwick Apts	3.00	2034	Monthly	Trust Deed, Security interest in personal property collateral	Failure to pay sum due under this agreement within 10 days, failure to pay general debts when due, failure to comply with covenants under agreement and not cured within 30 days, failure to obtain lender's consent to transaction (sale, transfer of proceeds from agreement), failure to disclose material facts, default under other loans, default by guarantor or failure to replace guarantor within 90 days. Lender may declare the entire remaining balance of principal and interest due immediately. The Trustee at Lender's direction shall have the right to foreclose by notice and sale of property. Upon any occurrence of any Event of Default interest shall accrue on the unpaid principal balance at a rate equal to the less of four percentage points above the current rate.	Not applicable	N/A	118,934
Helen Swindells	3.00	2023	Cash Flow	Trust Deed in the property and all tenements along with leases and rents of the property	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, title is free of encumbrance, pay liens, taxes and assessments, abide by loan agreement covenants, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	1,483,870

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Helen Swindells	3.00	2023	Cash Flow	Trust Deed in the property and all tenements along with leases and rents of the property	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, title is free of encumbrance, pay liens, taxes and assessments, abide by loan agreement covenants, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	\$ 600,451
Kelly Place	4.80	2028	Monthly	Trust Deed covering the real property and other collateral	Borrower fails to perform any obligation to pay principal or interest and doesn't cure within 15 days when due	If Borrower becomes insolvent, all sums of principal and interest under the Note become automatically due and payable	N/A	230,299
James Hawthorne	-	Sale of Property	Cash Flow	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or place a lien on the property	Not applicable	N/A	5,728,950
North Interstate	-	Sale of Property	Cash Flow	Trust Deed	Not applicable	Not applicable	N/A	922,518
Yards at Union Station	1.00	2027	Monthly	Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale. Upon the event of default, interest can be increased of 4 percentage points above the current interest rate.	Not applicable	N/A	773,676
Pearl Court	3.00	2027	Monthly	Trust Deed, Security Agreement, UCC1	An event of default is constituted as the following: failure to make any payment when due any loan documents and not cured within 10 days, failure to perform any covenant, agreement or obligation under any of the Loan Documents if not cured within 60 days will lead to the declaration any or all indebtedness secured by the Trust to be due and payable immediately, foreclose the trust deed as a mortgage, cause any or all of the property to be sold under the power of sale, elect to exercise its right with respect to Leases & Rents	Not applicable	Acceleration of the entire unpaid principal balance of the Note and other indebtedness secured by the Trust Deed securing this note upon any sale or transfer is automatic	507,932
Peter Paulson	7.91	2024	Cash Flow	Trust Deed and assignment of leases and collection of rents	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, pay liens, taxes and assessments, abide by loan agreement covenants, monthly reserve is maintained by borrower, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	1,021,301
Peter Paulson	0.50	2024	Cash Flow	Trust Deed and assignment of leases and collection of rents	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, pay liens, taxes and assessments, abide by loan agreement covenants, monthly reserve is maintained by borrower, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	250,000
Peter Paulson	-	2024	Cash Flow	Trust Deed and assignment of leases and collection of rents	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, pay liens, taxes and assessments, abide by loan agreement covenants, monthly reserve is maintained by borrower, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	689,635
Schiller Way	-	Sale of Property	Cash Flow	Not applicable	Events of default are constituted as follows: failure to pay any sum due under agreement within 10 days of due date, failure to comply with covenants, failure to obtain Loan provider's consent in sale, transfer or assignment of proceeds, failure to comply with agreement, failure to pay general debts when due, failure to disclose material facts, default under other grants, default by guarantor or failure to replace guarantor will cause the entire remaining unpaid balance immediately due and loan will become lien on the property	Not applicable	N/A	505,351
SW 45th (Carriage Hill Apts)	-	Sale of Property	Cash Flow	Line of credit trust deed, security agreement, fixture and filing and assignment or leases and rents	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property	Not applicable	N/A	178,241

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NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
SW 45th (Carriage Hill Apts)	3.00	2032	Monthly	Line of credit trust deed, security agreement, fixture and filing and assignment or leases and rents	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property	Not applicable	N/A	\$ 26,225
Willow Tree	-	2035	Cash Flow	Line of credit trust deed, security agreement, fixture and filing and assignment or leases and rents	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property	Not applicable	N/A	145,649
Fairview Oaks & Woods	3.05	2047	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	Events of default include: borrower fails to pay or deposits amounts when due under the note, fraud or material misrepresentation or material omission by borrower or any of its officers, directors, members, commencement of a forfeiture action or proceeding, any material failure by Borrower to comply obligations under Security Instrument, failure by borrower to perform obligations under regulatory agreement will be cured	Not applicable	If a monetary event of default occurs for a period of 30 days, the entire unpaid principal balance and any accrued interest and all other amounts payable to becomes due and payable	10,494,375
Rockwood Station	3.58	2047	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	Events of default include: borrower fails to pay or deposit amounts when due under the note, fraud or material misrepresentation or material omission by borrower or any of its officers, directors, members, commencement of a forfeiture action or proceeding, any material failure by Borrower to comply obligations under Security Instrument, failure by borrower to perform obligations under regulatory agreement will be cured	Not applicable	If a monetary event of default occurs for a period of 30 days, the entire unpaid principal balance and any accrued interest and all other amounts payable to becomes due and payable	4,239,771
Rockwood Station (Mpower)	6.00	2025	Monthly	Security interest in the Efficiency Measures, Memo of ESA	Events of default constitute: Non payment of debt payment, other non compliance of any other covenant under agreement or other loan documents (30 days to satisfy covenant), non compliance with governmental regulations, (30 days to cure), untruth of representations and warranties, default under other financing, bankruptcy, reorganization or dissolution, attachment (levied against all or part of the property), transfer of the project property without written consent of Lender can lead to Lender declaring all sums of note and other loan documents due and payable.	Not applicable	Lender may declare note due and payable in full if the following occur: sale or transfer by Borrower not approve by Lender, Borrower's failure to make any payment within 10 days of due date, and other default or breach of any term in the Note or other Loan documents	84,758
Hawthorne Home	6.00	2029	Monthly	Trust Deed	Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, Borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	36,424
Madison Home	6.00	2029	Monthly	Deed of Trust	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, Borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender	Not applicable	N/A	36,156
North Interstate	6.00	2033	Monthly	Deed of Trust	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. Payment among default must include the sums required to be paid in the event of any prepayment of debt. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	356,562

**HOME FORWARD
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NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Project Open Door	1.00	2027	Monthly	Trust Deed	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. Payment among default must include the sums required to be paid in the event of any prepayment of debt. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	\$ 121,372
Taylor Home	7.00	2029	Monthly	Deed of Trust	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. Payment among default must include the sums required to be paid in the event of any prepayment of debt. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, Borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	34,767
Ashcreek Commons	0.04	2034	Monthly	Deed of Trust	Events of default can allow Lender to declare all sums owed this loan and other loan documents. Events of default include: Borrower fails to pay when due any sums payable under Note or any other Loan document, performance of obligations to cure failure in cure period provided, recording of any claim of lien on property (for more than 20 days), failure of any representation or warranty of Borrower in any of the Loan documents and continuation of failure for 10 days, material adverse change in financial condition of Borrower, voluntary bankruptcy, insolvency or dissolution, involuntary bankruptcy, material management or organization change in Borrower which Lender determines has a material adverse effect on the loan, the failure of the Deed of Trust to be a valid first lien upon property, discovery of any significant hazards materials on property, unsecured indemnity agreement.	Not applicable	If Borrower fails to pay when due any sums payable or a Default occurs Lender may declare all sums owing immediately due and payable	1,542,478
Ainsworth Court	-	2052	Cash Flow	Subordination agreement to be secured by certain liens and encumbrances against the property, Lien on the land	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property	Not applicable	N/A	1,099,469
Ainsworth Court	4.77	2034	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	If an event of default has occurred, the entire unpaid principal balance of the mortgage loan, any accrued interest, interest accruing at the default rate, the prepayment premium (if applicable) at the option of Lender shall be immediately due and payable without notice to Borrower. In addition Lender shall have rights and remedies including foreclosure on and/or the power of sale of the property. The following events are events of default: failure by Borrower to pay or deposit when due amounts required the Note or any other Loan document, failure of Borrower to maintain insurance coverage, failure by Borrower to maintain property as single asset status, any warranty or representation is false or inaccurate, fraud, gross negligence or will misconduct or material misrepresentation (including on financial statements, rent rolls or other report information, request from Lender in regards to disbursements from Replacement Account Funds), occurrence of any transfer not permitted by Loan Document, occurrence of a bankruptcy event, commencement of forfeiture action (whether civil or criminal) which could lead to forfeiture of the property or impair the lien on the property, any failure by Borrower to compete any repair related to fire, life or safety issues within terms of Loan agreement, and any exercise by the holder of any debt instrument secured by mortgage or deed on the property of a right to declare all amounts due immediately.	Not applicable	If an event of default has occurred and is continuing the entire unpaid principal balance of the loan, any accrued interest, interest accruing at the default rate or prepayment premium (if applicable) and all other indebtedness at the option of Lender is immediately due and payable without prior written consent to Borrower.	1,943,126

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NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Madrona Apartments	5.31	2034	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	If default has occurred, the unpaid principal balance of the mortgage loan, accrued int, int accruing at the default rate, prepayment premium (if applicable) at the option of Lender shall be immediately due & payable without notice. Lender shall have rights and remediate including foreclosure on and/or the power of sale of the property. The events of default are: failure by Borrower to pay or deposit when due amounts required the Note or any other Loan document, failure of Borrower to maintain insurance coverage, failure by Borrower to maintain property as single asset status, any warranty or representation is false or inaccurate, fraud, gross negligence or will misconduct or material misrepresentation (including on financial statements, rent rolls or other report information, request from Lender in regards to disbursements from Replacement Account Funds), occurrence of any transfer not permitted by Loan Document, occurrence of a bankruptcy event, commencement of forfeiture action (civil or criminal) leading to forfeiture of the property or impair the lien on the property, any failure by Borrower to complete any repair related to fire, life or safety issues within terms of Loan agreement, a right to declare all amounts due immediately.	Not applicable	If an event of default has occurred and is continuing the entire unpaid principal balance of the loan, any accrued interest, interest accruing at the default rate or prepayment premium (if applicable) and all other indebtedness at the option of Lender is immediately due and payable without prior written consent to Borrower.	\$ 1,141,178
Kelly Place (Multnomah)	-	2046	Maturity Date	Trust deed	Failure to perform the covenants and conditions in trust deed shall give the option to declare the unpaid balance due on the Note immediately. If any material fact is not disclosed all indebtedness can be due and payable and the trust deed may be foreclosed on including the recouping of reasonable expenses such as attorney fees.	Not applicable	N/A	350,456
Rockwood Landing	-	2058	Maturity Date	Trust deed, security agreement, and fixture filing	Events of default include: failure to pay any of the obligations of the loan before due date, the occurrence of a breach of covenant, agreement, condition, provision, representation or warranty contained in Trust Deed or any Loan documents, or a writ of execution or any similar process shall be issued against or any part or interest in the estate or any judgement involving monetary damages that become a lien on the property. In the case of these acceleration of all debt occurs and is immediately due and payable, lender can take possession of all or any part of the property, lender can foreclose the property and sale under applicable law. Lender can take over management, rents and revenues of the property	Not applicable	N/A	150,000
Gretchen Kafoury	3.00	2031	Maturity Date	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property	Not applicable	N/A	2,664,000
Stephens Creek Crossing	-	2014	Converts to Grant	Pledge Agreement of Assets	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans results may lead to Lender declaring all unpaid balance due immediately	Not applicable	N/A	1,798,318
Hamilton West	3.00	2031	Monthly	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantors or failure to replace guarantor may lead to Lender declaring all unpaid balance due immediately	Not applicable	N/A	529,234
Hamilton West	- %	Sale of Property	Cash Flow	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantors or failure to replace guarantor may lead to Lender declaring all unpaid balance due immediately	Not applicable	N/A	2,039,641
Helen Swindells (Mpower)	6.00	2024	Monthly	Security Interest in the Efficiency Measures, Memo of ESA	Events of default constitute: Non payment of debt payment, other non compliance of any other covenant under agreement or other loan documents (30 days to satisfy covenant), non compliance with governmental regulations, (30 days to cure), untruth of representations and warranties, default under other financing, bankruptcy, reorganization or dissolution, attachment (levied against all or part of the property), transfer of the project property without written consent of Lender can lead to Lender declaring all sums of note and other loan documents due and payable.	Not applicable	Lender may declare note due and payable in full if the following occur: sale or transfer by Borrower not approved by Lender, Borrower's failure to make any payment within 10 days of due date of payment, and other default or breach of any term in the Note or other Loan documents	40,070

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NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Rockwood Landing (Mpower)	6.00	2025	Monthly	Security interest in the Efficiency Measures, Memo of ESA	Events of default constitute: Non payment of debt payment, other non compliance of any other covenant under agreement or other loan documents (30 days to satisfy covenant), non compliance with governmental regulations, (30 days to cure), untruth of representations and warranties, default under other financing, bankruptcy, reorganization or dissolution, attachment (levied against all or part of the property), transfer of the project property without written consent of Lender can lead to Lender declaring all sums of note and other loan documents due and payable.	Not applicable	Lender may declare note due and payable in full if the following occur: sale or transfer by Borrower not approved by Lender, Borrower's failure to make any payment within 10 days of due date of payment, and other default or breach of any term in the Note or other Loan documents	\$ 35,497
Rockwood Landing	3.05	2029	Monthly	Deed of Trust, Security Agreement and Fixture Filing, Assignment of Leases and Rents	In any event representation or warranty shall be found untrue or performance of any obligation, term, covenant or warranty shall constitute default under the Note and Deed of Trust can declare all sums secured immediately due and payable	Not applicable	N/A	289,527
St. Francis LLC	3.38	2050	Monthly	Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing	Events of default: Monetary Default (failure to pay sums when due required under the Note), fraud or material misrepresentation in regards to i) loan application, ii) financial statement or rent, iii) the commencement of a foreclosure action or proceeding, iv) any material failure to perform or comply with any of its obligation under Security Instrument, v) failure to perform any HUD obligations under the Regulatory Agreement can lead to the immediate payment of unpaid principal and accrued interest	Not applicable	If a Monetary Event of Default occurs (and continues for 30 days) the entire unpaid principal balance, any accrued interest will become due & payable.	3,576,998
Sequoia Square	3.00	2031	Monthly	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure on the property	Not applicable	N/A	63,702
St Francis LLC	-	Sale of Property	Cash Flow	Trust Deed and Assignment of Leases	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclosure on the property	Not applicable	N/A	5,241,162
Sequoia Square	8.08	2031	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclosure on the property	Not applicable	N/A	555,095
Sequoia Square	3.99	2031	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure on the property	Not applicable	N/A	337,189
Sequoia Square	-	Sale of Property	Cash Flow	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclosure on the property	Not applicable	N/A	514,486

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NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance	
Lovejoy Station	3.00	2032	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property	Not applicable	N/A	\$ 2,420,541	
The Alexis	2.78	2040	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Events of default include: failure to pay principal or interest on debt when (within 5 days of due date), the trust estate or any portion is transferred in violation of sale or increase in interest rate on sale, failure to perform or comply with any other covenant in Deed of Trust (fails to cure within 30 days), writ of execution or attachment is levied against the property or any judgement involving monetary damages against property and a lien is placed on the property, event of default within the Loan agreement occurs, breach or default under any mortgage, trust deed or lien on the property that is either senior or subordinate to the Trust Deed can lead to entire indebtedness becoming immediately due and payable or the right to foreclose by judicial foreclosure on the property or a trustee will be designated to sell property.	Not applicable	N/A	5,147,899	
Gateway Park	5.10	2033	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Default include: Default in the performance of any of its covenants or agreements in any loan document, any representation to current or historical information in regards to certificate, notice report or financial statement that is incorrect in any material respect, any authorization now or hereafter necessary to enable Borrower to comply with obligations under the Trust Deed or Note fails to be timely issued or granted, Borrower becomes bankrupt, insolvent, winding up or reorganization, Borrower receives a proceeding in court for liquidation, dissolution or the readjustment of debts, Borrower effects a change of ownership or transfers any interest without prior written consent, Borrower fails to terminate Property management agreement after request of Lender or makes new satisfactory arrangements for a new management agent which allows Lender to declare all or any portion of debt immediately due and payable, the Lender can take possession of the property and collect rents, the Lender will be empowered to foreclose on Property and sell the Property.	Not applicable	N/A	4,739,374	
Powell	-	2022	Converts to Perm	Assignment of contracts and Work Product	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure to pursue the project, default under other loans may lead to Lender declaring all unpaid balance due immediately or foreclose on the property, interest on default rate of 1% per month or 12% per year until paid in full, payment of costs of collection such as attorney fees and provide accounting of fund disbursed under loan and return any unused funds.	Not applicable	N/A	1,469,944	
								Total	71,612,044
								Less Current Portion of Notes Payable	(1,841,126)
								Total Notes Payable - Long-Term	<u>\$ 69,770,918</u>

(*) Note: Calendar Year of Final Maturity Date

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NOTE 10 NOTES PAYABLE (CONTINUED)

Notes payable includes those notes related to equity gap financing. Equity gap financing is utilized to fund the difference between project costs and sources of construction and permanent financing. These notes bear interest rates between 0.00% and 8.08% with maturities due up through 2058 except for certain equity gap notes, which are not payable unless the property is sold.

A summary of activity of Home Forward's notes payable for the year ended December 31, 2020 is as follows:

Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020
<u>\$ 74,407,806</u>	<u>\$ 17,294,372</u>	<u>\$ (20,090,134)</u>	<u>\$ 71,612,044</u>

Minimum debt payments due over the next five years and thereafter in five-year increments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,841,126	\$ 1,649,051
2022	3,714,725	1,561,265
2023	4,085,952	1,432,559
2024	5,199,144	1,290,409
2025	2,721,714	1,105,129
2026 - 2030	9,773,676	4,428,609
2031 - 2035	12,141,848	3,101,083
2036 - 2040	7,870,364	2,169,327
2041 - 2045	4,224,567	663,993
2046 - 2050	2,357,687	96,326
2051 - 2055	1,249,471	-
Total	<u>55,180,274</u>	<u>17,497,751</u>
Notes With No Set Maturity	16,431,770	-
Total	<u>\$ 71,612,044</u>	<u>\$ 17,497,751</u>

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NOTE 11 BONDS PAYABLE

Bonds payable of Home Forward, which are secured by mortgages on the respective properties, consist of the following as of December 31, 2020:

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance	
Dawson Park 2012	Fixed	3.37 %	2027	Pledge of all legal available revenues of the Project, b) moneys on deposit in a loan reserve fund, c) moneys on deposit in a debt service reserve fund, d) general revenues of Home Forward not previously or subsequently pledge to a specific purpose and legally available. Deed of trust with a security interest in the land and improvement which encompasses the Project.	Events of default include: default in the due debt payment, failure of the Property to perform any other covenant, agreement or obligation under Loan agreement or regulatory agreement, event of default under the Deed of Trust, filing of a petition in voluntary bankruptcy or reorganization, insolvency, involuntary bankruptcy, dissolution or liquidation which can lead to the Authority to declare the entire balance due and payable immediately, the Authority may foreclose the Deed of Trust and Authority may recover monetary damages caused by such violation.	Not applicable	Not applicable	\$ 898,907	
New Market West 2013	Variable	1.73	2023	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to observe or perform any obligation or agreement in the Trust Deed, any representation that is proved to be incorrect, false or misleading in material respect when made or default in the payment or performance of an obligation and continuance of default, any default under the continuing covenant agreement or any other Bond document can lead to all obligations immediately payable in full (any Swap shall be terminated in accordance with terms). Lender can cause the Property to be sold to satisfy the obligations, Lender can obtain appointment of a receiver as it pertains to the i) the adequacy of the security for the repayment of its obligations, ii) the existence of a declaration that the obligations are immediately due and payable.	Not applicable	Not applicable	2,938,364	
Pearl Court	Fixed	4.50	2027	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	2,785,000	
Gretchen Kafoury	Fixed	4.00	2034	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	3,555,000	
Hamilton West	Fixed	4.00	2034	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	3,060,000	
Yards at Union Station	Fixed	4.85	2029	Leasehold Trust Deed, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	3,365,000	
Lovejoy Station	Fixed	1.45	2033	Leasehold Trust Deed, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	7,710,000	
								Total	24,312,271
								Less: Current Portion of Bonds Payable	(1,607,446)
								Total	22,704,825
								Plus Unamortized Premiums	239,279
								Less: Unamortized Discounts	(88,397)
								Total Long-Term Bonds Payable	<u>\$ 22,855,707</u>

**HOME FORWARD
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NOTE 11 BONDS PAYABLE (CONTINUED)

A summary of activity of Home Forward's bonds payable for the year ended December 31, 2020 is as follows:

Balance January 1, 2020	Draws	Repayments	Balance December 31, 2020
\$ 28,135,101	\$ -	\$ (3,822,830)	\$ 24,312,271

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,607,446	\$ 890,952
2022	1,656,725	837,984
2023*	4,149,887	781,776
2024	1,599,181	654,395
2025	1,668,911	587,852
2026 - 2030	6,935,121	1,928,863
2031 - 2035	6,695,000	741,975
Total	\$ 24,312,271	\$ 6,423,797

For the variable rate debt, the December 31, 2020 interest rate of 1.73% was used for the New Market West 2012 Bonds.

*Final debt payments for New Market West 2012 Bonds are assumed to be made on August 1, 2023, upon the expiration of the associated swap agreement.

NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS

Home Forward issued Multi-Family Housing Revenue Bonds, Tax-Exempt Tax Credit Notes Receivable and Taxable Tax Credit Notes Receivable for the purpose of providing financing to Internal Revenue Service Section 42 Partnerships (see Note 7 and Note 18) in which Home Forward has an ownership interest. The Partnerships are required to make payments on the Notes Receivable to Home Forward, the General Partner of the Partnerships, sufficient to make required debt service payments on the Bonds.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

Bonds payable—partnerships and the corresponding notes receivable—partnerships consist of the following at December 31:

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Lloyd Housing Limited Partnership	Variable	3.29 %	2021	Line of Credit Commercial Deed of Trust, Assignment, Security Agreement and Fixture filing	Events of default: failure by the Borrower to pay any Borrower Loan Payment on the date such payment is due, failure by or behalf of Borrower to pay when due any amount required to be paid by Borrower under the Loan Agreement, or any of the other funding loan documents, an Event of Default as defined by any other Funding Loan Document, any representation made by Borrower, the General Partner or Guarantor in any Funding Loan Document or in any report, certificate, financial statement or other instrument, agreement or document by the Borrower that is false or misleading in any material respect, the Borrower makes a general assignment for the benefit of creditors or shall generally not be paying its debt as they become due, bankruptcy, any portion of the Borrower required equity to be made by the Equity investor is not received, failure to comply with ERISA, any material litigation or proceeding against the Borrower, the General Partner or the Guarantor or the property, if a final judgement is issued for monetary damages in excess of \$50,000 is not paid and discharged prior to completion date, a final and un-appealable and uninsured money judgment in favor of any other person other than a governmental authority in the aggregate sum of \$50,000 or more against Borrower, the general partner or the guarantor that is not paid prior to completion date, the inability of the Borrower to satisfy any condition for the receipt of a Disbursement and failure to resolve, construction or rehabilitation is abandoned or halted prior to the completion date (as long as not caused by unforeseeable conditions such as acts fire, strikes, disruption of shipping acts of terrorism), Borrower fails to keep in force and effect any material permit, license, consent or approval required under the loan agreement, failure to substantially complete the construction or rehab on or prior to the substantial completion date, failure of Borrower to satisfy conditions to conversion or before the conversion date, failure by any subordinate lender to disburse the proceeds of its subordinate loan, an Event of Default occurs under any of subordinate loan documents, any failure by the Borrower to perform or comply with any of its obligations under the loan agreement (and continues for 30 days), a seizure or forfeiture of the property can lead to declaring the borrower payment obligations to be immediately due and payable including prepayment premium	Not applicable	Event of default can make all borrower payment obligations immediately due and payable including the prepayment premium	\$ 38,300,000
Civic Redevelopment Limited Partnership	Variable	0.09	2038	Multifamily Mortgage, Assignment of Rents and Security Agreement	Events of default: failure to pay the principal or purchase price of, premium if any or interest on any bond when due, failure by the credit facility provider to make when due a requirement payment under the credit facility, failure to overserve or perform any of the covenants, agreements or conditions on the part of the Authority in the indenture or in the bonds and continues for 30 days can lead to the acceleration of the declaration of the principal of all bonds then outstanding and interest accrued immediately due and payable	Not applicable	In the event of default, the entire unpaid principal balance, accrued int and all other amounts payable shall be at once become due and payable at the option of the Lender, without prior notice to the Borrower	7,800,000
Trouton Limited Partnership	Variable	0.16	2037	Line of Credit Commercial Deed of Trust, Assignment, Security Agreement and Fixture filing	Events of default include the following: default in the due and punctual payment of the principal or premium or interest on any Bond when due, failure to pay the purchase price of any variable rate bond tendered when such payment is due, default by the Authority in the observance of any other covenants, agreements (including ground lease and mixed finance amendment) or conditions in the indenture, loan agreement or the bonds (not cured within 60 days) can lead to the acceleration of the bonds including principal and interest accrued due immediately, foreclosure of the deed of trust and power sale.	Not applicable	If any Event of Default occurs the Trustee shall be entitled to upon written notice to the Authority, the Bank, the Remarketing agent and the partnership or the owners of a majority in aggregate principal of the bonds at the time outstanding is entitled to declare the principal of all of the bonds then outstanding and the interest accrued due payable and immediately	4,765,000
Cecelia Limited Partnership	Variable	0.18	2035	Line of Credit Commercial Deed of Trust, Assignment, Security Agreement and Fixture filing	Events of default include the following: default in the due and punctual payment of the principal or premium or interest on any Bond when due, failure to pay the purchase price of any variable rate bond tendered when such payment is due, default by the Authority in the observance of any other covenants, agreements or conditions in the indenture, loan agreement or the bonds (not cured within 60 days) can lead to the acceleration of the bonds including principal and interest accrued due immediately.	Not applicable	If any Event of Default occurs the Trustee shall be entitled to upon written notice to the Authority, the Bank, the Remarketing agent and the partnership is entitled to declare the principal of all of the bonds then outstanding and the interest accrued due payable and immediately	2,890,000
Stephens Creek Crossing North LP	Fixed	4.56	2031	Line of Credit Construction Leasehold Deed of Trust, Assignment, Security Agreement and Fixture Filing	Events of default: payment obligation failure, transfer of any or all part of property not included in the trust deed, failure to perform or comply with any obligations in trust deed (and not cured for 30 days), an event of default under the note or loan agreement, change in zoning or public restriction in regards to the use of the property if it would be in violation of zoning ordinance or regulation, default under any lease, default under any other mortgage, deed of trust or security agreement covering the property or an execution or attachment is levied against the property and is not discharged or stayed within 30 days of being levied can lead to acceleration of all obligations becoming due and payable without notice of default or acceleration, the property can be foreclosed upon and the power of sale can be enacted. A judicial action can be submitted for foreclosure of the Deed of Trust. In the event of default, collection of rents can be assumed by Lender	Not applicable	In the event of default all obligations shall become due and payable without notice of default, notice of acceleration or intention to accelerate. The property can be foreclosed upon and the power of sale can be enacted. A judicial action can be submitted for foreclosure of the Deed of Trust and collection of rents can be assumed by Lender.	2,794,797
Forward Balance to the Next Page								\$ 56,549,797

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
							Forward Balance from the Previous Page	\$ 56,549,797
Humboldt Gardens Limited Partnership	Fixed	6.17	2040	Line of Credit Construction Leasehold Deed of Trust, Assignment, Security Agreement and Fixture Filing	Event of default: failure to pay any installment of principal or the redemption price of any bond when due, failure to pay any installment of interest during the variable rate period and during reset period, failure to pay any installment of interest due the fixed rate period, failure by the Authority to perform or observe any material covenant, agreement or condition in the bond indenture (continues for 60 days), default in the timely payment of any installment of the amounts (other than Loan repayments) fees payable to the Authority (continues for 30 days), default under the Regulatory agreement has occurred and continues will lead to the declaration of all outstanding bonds be immediately due and payable including interest, implementation of actions for the recovery of the amounts due on the Note, the Loan Agreement and other Loan Documents, foreclosure upon the collateral held by the Trustee for the obligations of the Borrower, implementation of remedies may be available under the Loan documents. Trustee has the right to revenue fund account and other amounts (excluding the Rebate fund) pledged under the Indenture to the payment of Trustee expenses, to the payment of the bonds or reimbursement to the Owners of the Bonds	Not applicable	Not applicable	805,000
Westis Limited Partnership	Fixed	4.18	2052	Revenues and receipts therefrom and the security therefrom (including the Security Instrument) and the amounts on deposit from time to time in any and all funds established under the Funding Loan Agreement	Events of default: failure by the Borrower to pay any Borrower Loan Payment on the date such payment is due, failure by or behalf of Borrower to pay when due any amount required to be paid under any of the other funding loan documents, an Event of Default as defined by any other Funding Loan Document, any representation made by Borrower, the General Partner or Guarantor in any Funding Loan Document or in any report, certificate, financial statement or other instrument, agreement or document by the Borrower that is false or misleading in any material respect, the Borrower makes a general assignment for the benefit of credits or shall generally not be paying its debt as they become due, bankruptcy, any portion of the Borrower required equity to be made by the Equity investor is not received, failure to comply with ERISA, any material litigation or proceeding against the Borrower, the General Partner or the Guarantor or the property, if a final judgement is issued for monetary damages in excess of \$50,000 is not paid and discharged prior to completion date, a failure to pay when due any monetary obligation to any Person in excess of \$100,000 and such failure continues beyond the expiration of any grace period, a final and un-appealable and uninsured money judgment in favor of any other person other than a governmental authority in the aggregate sum of \$50,000 or more against Borrower, the general partner or the guarantor that is not paid prior to completion date, the inability of the Borrower to satisfy any condition for the receipt of a Disbursement and failure to resolve, construction or rehabilitation is abandoned or halted prior to the completion date (as long as not caused by unforeseeable conditions such as acts fire, strikes, disruption of shipping acts of terrorism), Borrower fails to keep in force and effect any material permit, license, consent or approval required under the loan agreement, failure to substantially complete the construction or rehab on or prior to the substantial completion date, failure of Borrower to satisfy conditions to conversion or before the conversion date, failure by any subordinate lender to disburse the proceeds of its subordinate loan, an Event of Default occurs under any of subordinate loan documents, any failure by the Borrower to perform or comply with any of its obligations under the loan agreement (and continues for 30 days), a seizure or forfeiture of the property can lead to declaring the borrower payment obligations to be immediately due and payable including prepayment premium	Not applicable	Event of default can make all borrower payment obligations immediately due and payable including the prepayment premium	12,827,757
Woods East Limited Partnership	Fixed	4.18	2052	Revenues and receipts therefrom and the security therefrom (including the Security Instrument) and the amounts on deposit from time to time in any and all funds established under the Funding Loan Agreement	Events of default: failure by the Borrower to pay any Borrower Loan Payment on the date such payment is due, failure by or behalf of Borrower to pay when due any amount required to be paid by Borrower under any of the other funding loan documents, an Event of Default as defined by the Borrower note, the Security Instrument or any other Funding Loan Document, any representation made by Borrower, the General Partner or Guarantor in any Funding Loan Document or in any report, certificate, financial statement or other instrument, agreement or document by the Borrower that is false or misleading in any material respect, the Borrower makes a general assignment for the benefit of credits or shall generally not be paying its debt as they become due, bankruptcy, any portion of the Borrower required equity to be made by the Equity investor is not received, failure to comply with ERISA, any material litigation or proceeding against the Borrower, the General Partner or the Guarantor or the property, if a final judgement is issued for monetary damages in excess of \$50,000 is not paid and discharged prior to completion date, a failure to pay when due any monetary obligation to any Person in excess of \$100,000 and such failure continues beyond the expiration of any grace period, a final and un-appealable and uninsured money judgment in favor of any other person other than a governmental authority in the aggregate sum of \$50,000 or more against Borrower, the general partner or the guarantor that is not paid prior to completion date, the inability of the Borrower to satisfy any condition for the receipt of a Disbursement and failure to resolve, construction or rehabilitation is abandoned or halted prior to the completion date (as long as not caused by unforeseeable conditions such as acts fire, strikes, disruption of shipping acts of terrorism), Borrower fails to keep in force and effect any material permit, license, consent or approval required under the loan agreement, failure to substantially complete the construction or rehab on or prior to the substantial completion date, failure of Borrower to satisfy conditions to conversion or before the conversion date, failure by any subordinate lender to disburse the proceeds of its subordinate loan, an Event of Default occurs under any of subordinate loan documents, any failure by the Borrower to perform or comply with any of its obligations under the loan agreement (and continues for 30 days), a seizure or forfeiture of the property can lead to declaring the borrower payment obligations to be immediately due and payable including prepayment premium	Not applicable	Event of default can make all borrower payment obligations immediately due and payable including the prepayment premium	15,189,404
							Forward Balance to the Next Page	\$ 85,371,958

**HOME FORWARD
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NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
							Forward Balance from the Previous Page	\$ 85,371,958
Square Manor Limited Partnership	Fixed	4.25	2035	Leasehold Trust Deed, Security Agreement, Assignment of Leases and Rents and Fixture Filing	Events of default: borrower fails to make any payment within 10 days when due, borrower fails to comply with or perform when due any other term, obligation, covenant, or condition contained in the note, borrower makes representation that is false or misleading in any material way, borrower dissolves or becomes insolvent or bankrupt, any creditor tries to take any of property on or in which lender has a lien or security interest, any guarantor of the note seeks to limit/modify/ revoke such guarantor's guaranty with Lender cane can lead interest rate increase of 4% per annum in excess of the interest rate otherwise than in effect of 18% per annum whichever is greater and lead to the balance of unpaid principal and accrued interest immediately due and payable.	Not applicable	Not applicable	4,078,364
North Limited Partnership	Variable	3.05	2021	Leasehold Trust Deed, Security Agreement, Assignment of Leases and Rents and Fixture Filing	Events of default: failure to pay any monthly debt payment or any monthly reserve payment, failure to pay any other amount due under the agreement or any other permanent loan document (within 10 days), failure to comply with any term, obligation, covenant or condition in the agreement, note, trust deed or permanent loan document (cure within 30 days), failure to permit permanent lender or its agents to enter property or access books (if continues for 5 days), violation of any the terms, covenants of lease convents and management of property, event of default under any other project documents, event of default following any required notice, if materially misleading representation in the loan document or certificate occurs, lender fails have to have a legally enforceable lien on the property, failure to pay any Imposition prior to delinquency to maintain insurance, settling or entering into any agreement with respect to insurance settlements without prior consent of Lender, a change in unpermitted use of property which violates zoning or other law for instance converting the property to a condo or co op or structural alteration or demo without prior written consent of Lender, failure to deliver copies of any material notices from governmental or regulatory authorities (30 days to do inform), failure to deliver financial statements within cure period, foreclosure occurs, failure to obtain a management company and/or management agreement reasonable satisfactory to the Lender within 60 days, failure of borrower to preserve and keep in full force to licenses/permits required under the law of the State, bankruptcy proceeding, borrower is adjudicated bankrupt or insolvent or a petition for reorganization, if borrower makes an assignment for the benefits of its creditors, termination or dissolution of borrower, any termination statements filed by Borrower with respect to Lender's financing statement in connection with the Trust deed without prior consent, borrower takes an action or fails to take action that causes a determination of taxability, failure to provide lender copies of IRS forms 8609 for each building prior to the 1st anniversary of the conversion date unless extended can lead to the lender declaring entire permanent loan to be due immediately and payable, terminate obligation for further Lender advances	Not applicable	Event of default can lead to acceleration, including prepayment fee or closed period prepayment fee, if applicable, and the unpaid principal balance and interest accrued. If the acceleration event occurs prior to the closed prepayment date, the fee shall be equal to the amount to be prepaid multiplied by 3% and is the present value of the series of the monthly payment differentials from the date of the prepayment to the permanent loan maturity date, discounted at the reinvestment yield on a monthly basis (reduced by 2 percentage points).	51,342,427
							Total	140,792,749
							Less: Current Portion of Bonds Payable	(90,509,521)
							Total Bonds Payable and Notes Receivable - Partnerships	<u>\$ 50,283,228</u>

*For the variable rate debt, the December 31, 2020, interest rate, as provided above, was used for the future interest calculation.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

A summary activity of Home Forward’s bonds payable at December 31, 2020 is as follows:

Balance January 1, 2020	Draws	Repayments	Balance December 31, 2020
\$ 134,779,897	\$ 6,847,109	\$ (834,257)	\$ 140,792,749

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

Year Ending December 31,	Principal	Interest
2021	\$ 90,509,521	\$ 1,533,862
2022	785,917	1,507,697
2023	820,769	1,480,522
2024	856,694	1,452,190
2025	898,739	1,422,573
2026 - 2030	5,142,068	6,620,732
2031 - 2035	13,536,062	5,238,063
2036 - 2040	13,390,472	3,625,253
2041 - 2045	5,396,730	2,569,206
2046 - 2050	6,648,757	1,317,178
2051 - 2052	2,807,020	113,813
Total	\$ 140,792,749	\$ 26,881,089

NOTE 13 DERIVATIVE INSTRUMENTS

Home Forward issued variable rate demand bonds and notes for its New Market West headquarters building and for three separate projects: Cecelia Limited Partnership (Cecelia), Trouton Limited Partnership (Trouton), and Civic Redevelopment Limited Partnership (Civic).

The bonds for each have the following common characteristics:

- Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- The LOCs and CEA are intended not only to provide security to bondholders, but also to make periodic interest payments for which Home Forward regularly reimburses the banks.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 DERIVATIVE INSTRUMENTS (CONTINUED)

- The banks act as a remarketing agent, reselling at market rates any bonds sold by bondholders. They have committed to repurchase bonds that cannot be resold on the open market.
- New Market West's interest rates are recalculated monthly, based on the rate at which bond can be remarketed. Interest rates for other bonds are recalculated weekly, based on the rate at which bonds can be remarketed.
- The annual remarketing fee on the outstanding amount of the bonds is 0.08% (Civic), 0.10% (Trouton) and 0.125% (Cecelia). New Market West is not subject to an annual remarketing fee.
- For bonds where the underlying financed asset is not the pledge for the bonds, the underlying credit for the bonds is the general funds of Home Forward.

Civic Redevelopment Limited Partnership entered into a swap agreement with Freddie MAC. The new agreement caps the variable rate on the bonds to 3.6625%. The agreement is set to expire on September 1, 2023. In conjunction with the sale of Cecelia, Trouton, and New Market West-2012 bonds, Home Forward entered into interest rate swap agreements. Home Forward uses interest rate swap agreements in order to reduce the volatility related to variable rate interest debt, or market risk. The swap agreements effectively convert the interest rate on variable rate debt to a fixed rate. These swaps call for Home Forward to receive interest at a variable rate and to pay interest at a fixed rate.

The Cecelia bonds mature in 2035. The variable rate on the bonds was .16% as of December 31, 2020. The swap instrument associated with the remaining bonds matures July 1, 2021, and is fixed at 4.39% on a notional amount of \$2.938 million at December 31, 2020 for which Home Forward receives the 30 day SIFMA rate. The fair value loss of the swap was \$70,432 as of December 31, 2020.

The Trouton bonds mature in 2037. The variable rate on the bonds was .16% as of December 31, 2020. The swap instrument associated with the remaining bonds matures July 1, 2022, and is fixed at 4.188% on a notional amount of \$4.765 million at December 31, 2020 for which Home Forward receives the 30 day SIFMA rate. The fair value loss of the swap was \$289,345 as of December 31, 2020.

New Market West bonds mature in 2038. The variable rate on the bonds was 1.73% as of December 31, 2020. The bond documents were amended effective December 31, 2018 to waive the requirement for the mandatory purchase of the bonds and waives the requirement of the 45 day notice. The swap instrument associated with the remaining bonds mature August 1, 2023 and is fixed at 1.73% on a notional amount of the outstanding principal of the New Market Bonds Series 2012 up to \$4.21 million for which Home Forward receives 78.5% of the 30 day LIBOR rate. The fair value loss of the swap was \$8,921 as of December 31, 2020.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 13 DERIVATIVE INSTRUMENTS (CONTINUED)

The fair value of the swap instruments is calculated from proprietary models using a mid-market basis. The change in fair market value of Home Forward's swap transactions for the years ended December 31, 2020 was a decrease of \$143,255. The fair value of the swap instruments is reflected as derivative instruments liability on the basic financial statements and are offset by corresponding deferred outflows of resources - derivative instruments.

There are certain risks associated with any hedging investment. These risks include credit risk, basis risk, termination risk, rollover risk, interest rate risk, and market access risk.

- *Credit Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- *Basis Risk* – Risk is minimized for the Cecilia and Trouton deals as both the underlying debt pays out based on weekly auction rates and the SIFMA rate is an average of auction rate activity.
- *Termination Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- *Rollover Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- *Interest Rate Risk* – Home Forward's swaps are structured to reduce Home Forward's exposure to interest rate risk by converting a variable rate to a fixed rate.
- *Market Access Risk* – Market access risk is the risk that a government will not be able to enter credit markets or that credit will become costlier. The ability to sell auction rate securities (ARS) in an auction may be adversely affected if there are not sufficient buyers willing to purchase all the ARS at a rate equal to or less than the ARS maximum rate. In the event of failed auctions, the bonds may default to a higher rate as defined in the bonds' official statements.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 RETIREMENT PLANS

Plan Descriptions

Home Forward is a participating employer in the State of Oregon Public Employees' Retirement System (PERS). PERS, a cost sharing multiple employer defined benefit plan and a fiduciary fund of the state of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

As a member of PERS, Home Forward contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost sharing multiple-employer defined benefit other post-employment benefit (OPEB) plan administered by PERS.

Actuarial Assumptions for the Calculation of Pension and OPEB Assets, Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension and OPEB

As both plans are administered by PERS, many of the actuarial assumptions were the same for the pension plan and OPEB-RHIA plan. Refer to Note 15 and Note 16 for pension or OPEB-RHIA specific assumptions, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions for the Calculation of Pension and OPEB Assets, Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension and OPEB (Continued)

The total pension and OPEB liabilities based on the December 31, 2018 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, Published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.20%
Inflation	2.50%
Projected Salary Increases	3.50% Overall Payroll Growth
Investment Rate of Return	7.20%
Mortality	Health Retirees and Beneficiaries: RP2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-back as described in the valuation. Active Members: RP-2014 employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled Retirees: RP2014 disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 RETIREMENT PLANS (CONTINUED)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap U.S. Equities	16.17	6.30
Small Cap U.S. Equities	1.35	6.68
Micro Cap U.S. Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Foreign Equities	4.24	7.69
Non-U.S. Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-Driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.21	6.67
Commodities	1.13	3.79
Total	100.00 %	
Assumed Inflation - Mean		2.50

**HOME FORWARD
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NOTE 15 PENSION

PERS Pension (Defined Benefits)

Home Forward is a participant of the PERS pension program. PERS benefits, as described by the PERS 2020 Comprehensive Annual Financial Report are as follows:

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in an PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$30 per month for deaths that occur July 30, 2003, and earlier; \$200 per month for deaths that occur after July 30, 2003.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 PENSION (CONTINUED)

PERS Pension (Defined Benefits) (Continued)

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a nonduty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a nonduty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0%.

OPSRP Pension Programs

Home Forward is a participant of the pension programs, a hybrid defined benefit/defined contribution plan for those employees hired after August 29, 2003. OPSRP benefits, as described by the PERS 2020 Comprehensive Annual Financial Report are as follows:

OPSRP Pension Benefits (Defined Benefit)

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

General Service

1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 1/2 years.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 PENSION (CONTINUED)

OPSRP Pension Programs (Continued)

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

OPSRP Individual Account Program (Defined Contribution)

Pension Benefits: Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Death Benefits

Upon the death of a nonretired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Risk Pooling

In 2001, the Oregon legislature amended ORS 238.227 allowing for local government entities to pool their PERS pension assets and liabilities with the state of Oregon and other organizations joining the pool. Contribution rates are actuarially determined based on the experience of the overall pool as opposed to the potentially more volatile experience of the individual member. On January 19, 2010, Home Forward's Board of Commissioners approved Home Forward's inclusion in the State & Local Government Rate Pool (SLGRP).

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 PENSION (CONTINUED)

Funding Status

Employees who are OPSRP members are required by state statute to contribute 6.0% of their salary to OPSRP and employers may agree to pay this required contribution. Home Forward pays the employee's required contribution for all represented employees and nonrepresented employees hired before April 1, 2012. Additionally, employers are required to contribute actuarially computed amounts as determined by PERS on actuarial valuations performed at least every two years. Rates are subject to change as a result of subsequent actuarial valuations and legislative actions.

Employer contribution rates in effect July 1, 2019 to June 30, 2021 are:

<u>Annual Period Ending</u>	<u>Tier 1/Tier 2</u>	<u>OPSRP</u>
Pension Contribution Rate	20.69 %	14.96 %
Retiree Health Care Rate	0.70	0.43
Total Employer Contribution	<u>21.39 %</u>	<u>15.39 %</u>

The amount contributed by Home Forward for the year ended December 31, 2020 was approximately \$4,242,969 which represents the required contributions for both the employee and the employer for the year presented.

Net Pension Assets and Liabilities

At December 31, 2020, Home Forward reported a liability of \$31,862,281 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. Home Forward's proportion of the net pension liability was based on a projection Home Forward's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, Home Forward's proportion was 0.14600027% which increased from its proportion of 0.14322567% measured as of June 30, 2019.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 PENSION (CONTINUED)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2020, Home Forward recognized pension expense of \$3,655,122 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,568,611	\$ -
Net Differences Between Expected and Actual Experience	1,402,326	-
Changes in Assumptions	1,709,948	59,913
Net Differences Between Projected and Actual Earnings on Plan Investments	3,746,590	-
Changes in Proportion	454,653	619,074
Difference Between the Employer's Contributions and the Employer's Proportion Share of Contributions	-	835,926
Total	<u>\$ 8,882,128</u>	<u>\$ 1,514,913</u>

The amount of \$1,568,611 reported as of the year ended December 31, 2020 as deferred outflow of resources related to pensions resulting from Home Forward contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 1,093,409
2022	1,659,184
2023	1,753,121
2024	1,274,588
2025	18,302
Total	<u>\$ 5,798,604</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 PENSION (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Home Forward's Proportionate Share of the Net Pension Liability and Net Pension Asset to Changes in the Discount Rate

The following presents the Home Forward's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.20%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.20%) or 1% higher (8.20%) than the current rate:

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 47,312,855	\$ 31,862,281	\$ 18,906,258

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The balance of PERS payable as of the year ended December 31, 2020 was \$388,660. This balance is recorded in other accrued liabilities on the statement of net position.

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Retirement Health Insurance Account (RHIA)

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statutes (ORS) 238.420 established this trust fund. The Oregon legislature has the ability to establish and amend the benefit provisions of the RHIA. The plan closed to new entrants after August 29, 2003. The Schedule of Employer Allocations and OPEB Amounts by Employer along with PERS audited financial statements and the Schedule of OPEB Amounts under GASB Statement No. 75 prepared by PERS' third-party actuaries as of and for the year ended June 30, 2020 (the measurement period) may be obtained online at <https://www.oregon.gov/pers> or by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Retirement Health Insurance Account (RHIA) (Continued)

ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the RHIA, established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment the member must 1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in a PERS sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the benefit if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis and amounted to \$122,421 for the year ended December 31, 2020. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in health care costs. Participating employees are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.50% of annual covered PERS payroll and 0.43% of OPSRP payroll. The PERS board sets the employer contribution rate based on creditable compensation for active members reported by employers. Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, Home Forward reported an asset of \$169,736 for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the collective net OPEB asset was determined by an actuarial valuation as of December 31, 2018, rolled forward to June 30, 2020. Home Forward's proportion of the collective net OPEB assets was based on a projection of Home Forward's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2020 measurement date, Home Forward's proportion was 0.08330245%, which decreased from its proportion measured as of June 30, 2019 (0.14722967%).

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2020, Home Forward recognized a decrease in OPEB expense of \$7,341 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contribution Subsequent to Measurement Date	\$ 73,048	\$ -
Differences Between Expected and Actual Experience	-	17,352
Changes in Assumptions	-	9,022
Net Differences Between Projected and Actual Earning on Plan Investments	18,876	-
Changes in Proportionate Share	65,236	2,471
Total	<u>\$ 157,160</u>	<u>\$ 28,845</u>

The amount of \$73,048 reported for the year ended December 31, 2020 as deferred outflow of resources related to OPEB resulting from Home Forward contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended December 31, 2021. Other amounts reported as deferred outflow and inflow of resources related to OPEB will be recognized in Home Forward's OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 15,191
2022	27,143
2023	6,978
2024	5,955
Total	<u>\$ 55,267</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of Home Forward's Proportionate Share of the Collective Net OPEB Asset to Changes in the Discount Rates

The following presents Home Forward's proportionate share of the collective net OPEB asset, as well as what Home Forward's proportionate share of the collective net OPEB asset at the measurement date June 30, 2020 would be if it were calculated using a discount rate that is 1% lower (6.20%) or 1% higher (8.20%) than the current rate:

1% Decrease	Current Rate (7.20%)	1% Increase
\$ (137,034)	\$ (169,736)	\$ (197,700)

Home Forward Health Benefit Retiree Program (HBRP) (Implicit Benefit Subsidy)

The Health Benefit Retiree Program is a post-employment single employee benefit plan that provides health insurance to eligible Home Forward retirees. As a condition of participation in PERS, Home Forward is required to offer healthcare insurance coverage to retirees and their spouses until the retired employee reaches the age for obtaining Medicare coverage. Under this requirement, the employer is required to provide access to the same plan(s) available for current employees. Though Home Forward does not pay any portion of the retiree's healthcare insurance, the retired employee receives an implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees.

As Home Forward pays none of the premiums of health insurance coverage for retirees from age 58 to 65, Home Forward has not established and does not intend to establish a trust fund to supplement the costs for other post-employment benefit obligation related to this implicit benefit. Home Forward's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in lieu of payment to secure coverage under independent plans. At December 31, 2020 there were nine retirees and/or surviving spouses receiving the post-employment implicit healthcare benefits.

Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to the OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of the year ended December 31, 2020, Home Forward reported a total OPEB liability of \$932,648 for its implicit benefit subsidy based on a measurement date of December 31, 2020.

The following table shows the changes in the total OPEB liability for the year ended December 31, 2020:

	Total OPEB Liability
Balance - Beginning of Year	\$ 887,379
Benefit Payments	(60,911)
Service Cost	80,290
Interest on Total OPEB Liability	18,167
Change in Assumptions	119,179
Experience (Gain) Loss	(111,456)
Balance - End of Year	<u>\$ 932,648</u>

For the year ended December 31, 2020, Home Forward recognized OPEB expense of \$41,141 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 208,233
Changes of Assumptions or Other Inputs	109,410	453,212
Total	<u>\$ 109,410</u>	<u>\$ 661,445</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in Home Forward's OPEB expenses as follows:

<u>Year Ending December 31,</u>	Deferred Inflows of Resources - OPEB HBRP
2021	\$ (78,697)
2022	(78,697)
2023	(78,697)
2024	(78,697)
2025	(78,697)
All Subsequent Years	(158,550)
Total	<u>\$ (552,035)</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions for Implicit Benefit Subsidy

Certain actuarial assumptions for the Implicit Benefit subsidy calculation are from the actuarial report as of December 31, 2020. Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2019 actuarial valuation of the Oregon Public Employees Retirement System and are updated after each new PERS actuarial valuation is completed. For the other demographic assumptions such as entrance and persistence, the experience study was completed in December 2020.

Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Interest Discount Rate	2.12% per year
Kaiser Medical Cost Annual Trend Rate	5% in all future years.
Providence Medical Cost Annual Trend Rate	7% initial increase, reducing to 5% over 4 years.
Dental Cost Annual Trend Rate	3% in all future years.
Mortality Rates	Rates of mortality for active male employees are 75% of the male generational rates and rate of mortality for active female employees are 60% of the female generational rates.
Inflation Rate	2.5% in all future years.
Salary Scale	3.5% in all future years.

Long-Term Expected Rate of Return

The 2.120% discount rate assumption is the December 31, 2020 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This discount rate represents the long-term investment yield on Home Forward's assets.

Sensitivity of Total OPEB Liability to Changes in the Discount Rates

The following presents what Home Forward's total OPEB liability at December 31, 2020 would be if it were calculated using a discount rate that is 1% lower (1.12%) or 1% higher (3.12%) than the current rate:

1% Decrease (1.12%)	Current Rate (2.12%)	1% Increase (3.12%)
<u>\$ 1,010,082</u>	<u>\$ 932,648</u>	<u>\$ 859,813</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents what Home Forward's total OPEB liability at December 31, 2020 would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates.

1% Decrease	Current Rate	1% Increase
\$ 823,735	\$ 932,648	\$ 1,062,011

NOTE 17 DEFERRED COMPENSATION PLAN

Home Forward offers employees an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Home Forward's employees, permits them to defer a portion of their salary to future years. Annual deferrals are limited to the lesser of \$19,000 or 100% of includable compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. This plan is administered by a third party and is not included in Home Forward's basic financial statements.

NOTE 18 BLENDED COMPONENT UNITS

The condensed statements of net position of the blended component units are as follows as of December 31, 2020:

	Home Forward Development Enterprises	Home Forward Insurance Group	Home Forward Community Partnerships	St. Francis, LLC	Gateway LP
Assets					
Current Assets	\$ 6,562,958	\$ 1,000,006	\$ 15,977	\$ 1,307,936	\$ 747,163
Noncurrent Assets	39,051,062	-	-	-	-
Capital Assets	-	-	-	7,060,650	4,269,550
Total Assets	\$ 45,614,020	\$ 1,000,006	\$ 15,977	\$ 8,368,586	\$ 5,016,713
Liabilities					
Current Liabilities	\$ 32,733	\$ -	\$ -	\$ 226,798	\$ 500,553
Noncurrent Liabilities	-	-	-	8,747,477	4,473,219
Total Liabilities	32,733	-	-	8,974,275	4,973,772
Net Position					
Restricted	-	89,994	-	442,610	-
Unrestricted	45,581,287	910,012	15,977	(1,048,299)	42,941
Total Net Position	45,581,287	1,000,006	15,977	(605,689)	42,941
Total Liabilities and Net Position	\$ 45,614,020	\$ 1,000,006	\$ 15,977	\$ 8,368,586	\$ 5,016,713

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)

The condensed statements of revenues, expenses, and changes in net position of the blended component units are as follows for the year ended December 31, 2020:

	Home Forward Development Enterprises	Home Forward Insurance Group	Home Forward Community Partnerships	St. Francis, LLC	Gateway LP
Operating Revenues					
Dwelling Rental	\$ -	\$ -	\$ -	\$ 872,050	\$ 1,561,715
Nondwelling Rental	-	-	-	141,192	4,777
State, Local and Other Grants	-	-	250,000	-	-
Other	700,000	-	33,788	8,640	20,636
Total Operating Revenues	<u>700,000</u>	<u>-</u>	<u>283,788</u>	<u>1,021,882</u>	<u>1,587,128</u>
Operating Expenses					
Administration	1,620,975	-	292	260,401	242,637
Tenant Services	-	-	267,500	-	18,528
Program Expense	-	-	-	-	2,504
Utilities	-	-	-	134,886	428,921
Maintenance	-	-	-	168,104	462,644
Depreciation	-	-	-	192,718	331,561
General and Other	-	-	70	74,944	64,822
Total Operating Expenses	<u>1,620,975</u>	<u>-</u>	<u>267,862</u>	<u>831,053</u>	<u>1,551,617</u>
Operating Income (Loss)	(920,975)	-	15,926	190,829	35,511
Nonoperating Revenues (Expenses)					
Investment Income	1,034,283	6	51	1,021	1,211
Interest Expense	-	-	-	(130,791)	(258,284)
Other Nonoperating Expenses	-	-	-	-	(888)
Total Nonoperating Revenues (Expenses)	<u>1,034,283</u>	<u>6</u>	<u>51</u>	<u>(129,770)</u>	<u>(257,961)</u>
Income/Loss before Capital Contributions	113,308	6	15,977	61,059	(222,450)
Capital Contributions					
Other Nonoperating Contributions	-	1,000,000	-	(34,010)	-
Increase (Decrease) in Net Position	113,308	1,000,006	15,977	27,049	(222,450)
Net Position - Beginning of Year	<u>45,467,979</u>	<u>-</u>	<u>-</u>	<u>(632,738)</u>	<u>265,391</u>
Net Position - End of Year	<u>\$ 45,581,287</u>	<u>\$ 1,000,006</u>	<u>\$ 15,977</u>	<u>\$ (605,689)</u>	<u>\$ 42,941</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)

The condensed statements of cash flows of the blended component units are as follow:

	Home Forward Development Enterprises	Home Forward Insurance Group	Home Forward Community Partnerships	St. Francis, LLC	Gateway LP
Cash Flows from Operating Activities					
Receipts from State, Local and Other Grants	\$ -	\$ -	\$ 250,000	\$ -	\$ -
Receipts from Tenants and Landlords	-	-	-	953,238	1,481,908
Receipts from Others	-	600,000	23,489	84,445	48,569
Payments to and on Behalf of Employees	(260,042)	-	-	(251,374)	(173,868)
Payments to Vendors, Contractors, and Others	(1,389,828)	-	(267,862)	(370,677)	(1,168,163)
Total Cash Provided (Used) by Operating Activities	(1,649,870)	600,000	5,627	415,632	188,446
Cash Flows from Capital and Related Financing Activities					
Interest Paid on Notes and Bonds Payable	-	-	-	(122,160)	(248,750)
Principal Payments on Notes Payable	-	-	-	(68,337)	(252,949)
Refund of Cash Restricted for Deposits Payable	-	-	-	1,675	-
Acquisition and Construction of Capital Assets	-	-	-	-	87,515
Change in Investment in Partnership	-	-	-	(85,811)	(24,600)
Total Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(274,633)	(438,784)
Cash Flows from Investing Activities					
Increase in Accrued Interest on Notes Payable	418,533	-	-	-	-
Collections on Notes Receivable	(379,013)	-	-	-	-
Change in Due from Partnerships	(9,122)	-	10,300	(3,762)	(7,361)
Investment Income Received	1,034,283	(2,294)	51	1,021	1,211
Total Cash Provided (Used) by Investing Activities	1,064,681	(2,294)	10,351	(2,741)	(6,150)
Net Increase (Decrease) in Cash and Cash Equivalents					
	(585,189)	597,706	15,978	138,258	(256,488)
Cash and Cash Equivalents - Beginning of Year	5,269,791	-	-	1,121,248	912,286
Cash and Cash Equivalents - End of Year	\$ 4,684,602	\$ 597,706	\$ 15,978	\$ 1,259,506	\$ 655,798

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION

Home Forward is the General Partner and holds a 0.01% to 1% interest in each of the following limited partnerships (see Note 2 and Note 7). Summarized partnership information as of and for the year ended December 31, 2020 is as follows:

	North Group	East Group	Trouton	Woolsey	Civic Redevelopment	Humboldt Gardens	1115 SW 11th Avenue
ASSETS							
Cash and Cash Equivalents	\$ 4,021,057	\$ 2,162,155	\$ 494,621	\$ 934,391	\$ 96,909	\$ 102,556	\$ 319,156
Cash and Cash Equivalents - Restricted	2,473,841	1,699,486	1,280,933	1,197,570	2,945,732	1,336,148	1,131,505
Accounts Receivables	175,251	90,149	35,654	31,524	41,526	75,537	73,666
Other Assets	877,535	4,566,169	411,741	72,416	505,017	162,460	30,539
Capital Assets, Net	87,853,382	65,955,319	20,627,177	8,941,362	10,730,811	18,554,995	10,827,346
Total Assets	<u>\$ 95,401,066</u>	<u>\$ 74,473,278</u>	<u>\$ 22,850,126</u>	<u>\$ 11,177,263</u>	<u>\$ 14,319,995</u>	<u>\$ 20,231,696</u>	<u>\$ 12,382,212</u>
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities	\$ 9,036,919	\$ 12,621,386	\$ 575,128	\$ 335,849	\$ 1,142,248	\$ 218,562	\$ 146,557
Long-Term Liabilities	91,468,219	62,179,768	31,066,292	4,974,505	14,945,453	21,231,968	11,098,225
NET POSITION							
Net Investment in Capital Assets	(1,653,245)	4,940,035	(9,684,495)	4,318,282	(1,216,631)	(1,123,341)	(255,457)
Funds Held in Trust	2,127	5,254	840,751	526,172	545,427	814,127	900,941
Unrestricted (Deficit)	(3,452,954)	(5,273,165)	52,450	1,022,455	(1,096,502)	(909,620)	491,946
Total Liabilities and Net Position	<u>\$ 95,401,066</u>	<u>\$ 74,473,278</u>	<u>\$ 22,850,126</u>	<u>\$ 11,177,263</u>	<u>\$ 14,319,995</u>	<u>\$ 20,231,696</u>	<u>\$ 12,382,212</u>
Operating Revenues	\$ 4,137,934	\$ 3,117,965	\$ 3,245,427	\$ 1,456,452	\$ 1,484,389	\$ 1,352,188	\$ 1,124,704
Operating Expenses	(5,867,640)	(3,831,680)	(4,871,489)	(2,126,700)	(1,670,922)	(2,189,143)	(1,444,550)
Operating Income (Loss)	<u>(1,729,706)</u>	<u>(713,715)</u>	<u>(1,626,062)</u>	<u>(670,248)</u>	<u>(186,533)</u>	<u>(836,955)</u>	<u>(319,846)</u>
Nonoperating Revenues	6,244	-	15,052	1,534	9,807	13,073	11,180
Nonoperating Expenses	(1,181,885)	(494,130)	(389,672)	(187,040)	(540,346)	(236,992)	(11,299)
Loss Before Capital Contributions	<u>(2,905,347)</u>	<u>(1,207,845)</u>	<u>(2,000,682)</u>	<u>(855,754)</u>	<u>(717,072)</u>	<u>(1,060,874)</u>	<u>(319,965)</u>
Capital Contributions	-	-	-	-	-	-	-
Change in Net Position	<u>(2,905,347)</u>	<u>(1,207,845)</u>	<u>(2,000,682)</u>	<u>(855,754)</u>	<u>(717,072)</u>	<u>(1,060,874)</u>	<u>(319,965)</u>
Prior Period Adjustment / Equity Transfer	-	-	-	-	-	-	-
Beginning Net Position, As Restated	(2,198,725)	879,969	(6,790,612)	6,722,663	(1,050,634)	(157,960)	1,457,395
Ending Net Position	<u>\$ (5,104,072)</u>	<u>\$ (327,876)</u>	<u>\$ (8,791,294)</u>	<u>\$ 5,866,909</u>	<u>\$ (1,767,706)</u>	<u>\$ (1,218,834)</u>	<u>\$ 1,137,430</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

	RAC Housing	Stephens Creek Crossing South	Stephens Creek Crossing North	Beech Street	West	Woods East	Haven
ASSETS							
Cash and Cash Equivalents	\$ 28,596	\$ 233,743	\$ 364,709	\$ 296,797	\$ 2,613,597	\$ 3,415,422	\$ -
Cash and Cash Equivalents - Restricted	1,607,923	514,895	822,611	220,061	1,571,382	2,048,269	349,597
Accounts Receivables	233,937	37,598	80,088	11,246	168,560	128,669	11,174
Other Assets	34,011	55,933	196,222	59,844	1,303,606	1,644,408	32,791
Capital Assets, Net	22,157,087	9,267,280	17,004,813	7,178,763	43,649,194	49,691,945	2,949,379
Total Assets	<u>\$ 24,061,554</u>	<u>\$ 10,109,449</u>	<u>\$ 18,468,443</u>	<u>\$ 7,766,711</u>	<u>\$ 49,306,339</u>	<u>\$ 56,928,713</u>	<u>\$ 3,342,941</u>
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities	\$ 490,559	\$ 101,515	\$ 172,802	\$ 91,459	\$ 618,534	\$ 600,190	\$ 121,105
Long-Term Liabilities	3,718,801	4,372,295	16,865,124	1,237,977	34,208,141	42,787,929	3,288,353
NET POSITION							
Net Investment in Capital Assets	18,438,285	4,877,167	85,390	5,954,890	10,100,309	7,806,599	423,740
Funds Held in Trust	675,454	505,922	800,864	206,861	1,175,632	1,574,002	70,054
Unrestricted (Deficit)	738,455	252,550	544,263	275,524	3,203,723	4,159,993	(560,311)
Total Liabilities and Net Position	<u>\$ 24,061,554</u>	<u>\$ 10,109,449</u>	<u>\$ 18,468,443</u>	<u>\$ 7,766,711</u>	<u>\$ 49,306,339</u>	<u>\$ 56,928,713</u>	<u>\$ 3,342,941</u>
Operating Revenues	\$ 3,334,151	\$ 747,211	\$ 1,195,049	\$ 525,396	\$ 3,572,565	\$ 4,330,970	\$ 522,887
Operating Expenses	(3,354,888)	(1,026,536)	(1,724,305)	(829,894)	(3,858,230)	(5,356,280)	(881,052)
Operating Income (Loss)	<u>(20,737)</u>	<u>(279,325)</u>	<u>(529,256)</u>	<u>(304,498)</u>	<u>(285,665)</u>	<u>(1,025,310)</u>	<u>(358,165)</u>
Nonoperating Revenues	-	3,342	7,898	1,151	34,796	47,052	182
Nonoperating Expenses	(31,354)	(95,249)	(128,750)	(8,528)	(1,005,545)	(1,189,764)	(103,898)
Loss Before Capital Contributions	<u>(52,091)</u>	<u>(371,232)</u>	<u>(650,108)</u>	<u>(311,875)</u>	<u>(1,256,414)</u>	<u>(2,168,022)</u>	<u>(461,881)</u>
Capital Contributions	-	-	-	-	-	-	-
Change in Net Position	<u>(52,091)</u>	<u>(371,232)</u>	<u>(650,108)</u>	<u>(311,875)</u>	<u>(1,256,414)</u>	<u>(2,168,022)</u>	<u>(461,881)</u>
Prior Period Adjustment / Equity Transfer	-	-	-	-	-	-	(5,113)
Beginning Net Position, As Restated	19,904,285	6,006,871	2,080,625	6,749,150	15,736,078	15,708,616	400,477
Ending Net Position	<u>\$ 19,852,194</u>	<u>\$ 5,635,639</u>	<u>\$ 1,430,517</u>	<u>\$ 6,437,275</u>	<u>\$ 14,479,664</u>	<u>\$ 13,540,594</u>	<u>\$ (66,517)</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

	Cecelia	The Jeffrey Apartments	Square Manor	Lloyd Housing	FP2	Total
ASSETS						
Cash and Cash Equivalents	\$ 145,914	\$ 276,146	\$ 206,941	\$ 1,495,304	\$ 453,456	\$ 17,661,470
Cash and Cash Equivalents - Restricted	797,040	844,546	664,006	669,770	6,345	22,181,660
Accounts Receivables	70,157	48,543	182,974	200,448	-	1,696,701
Other Assets	130,386	13,563	271,602	409,247	478,561	11,256,051
Capital Assets, Net	8,605,773	9,303,547	15,455,439	61,771,183	15,604,675	486,129,470
Total Assets	<u>\$ 9,749,270</u>	<u>\$ 10,486,345</u>	<u>\$ 16,780,962</u>	<u>\$ 64,545,952</u>	<u>\$ 16,543,037</u>	<u>\$ 538,925,352</u>
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities	\$ 370,384	\$ 131,639	\$ 1,035,060	\$ 8,433,230	\$ 2,719,592	\$ 38,962,718
Long-Term Liabilities	13,797,514	8,760,451	11,437,305	52,231,199	12,449,095	442,118,614
NET POSITION						
Net Investment in Capital Assets	(4,727,139)	543,096	4,474,737	9,594,395	3,215,994	56,112,611
Funds Held in Trust	735,967	416,775	338,919	136,138	6,329	10,277,716
Unrestricted (Deficit)	(427,456)	634,384	(505,059)	(5,849,010)	(1,847,973)	(8,546,307)
Total Liabilities and Net Position	<u>\$ 9,749,270</u>	<u>\$ 10,486,345</u>	<u>\$ 16,780,962</u>	<u>\$ 64,545,952</u>	<u>\$ 16,543,037</u>	<u>\$ 538,925,352</u>
Operating Revenues	\$ 1,597,007	\$ 849,614	\$ 990,499	\$ 2,023,884	\$ 2,932	\$ 35,611,224
Operating Expenses	(2,380,479)	(1,286,493)	(1,396,920)	(3,027,073)	(540,175)	(47,664,449)
Operating Income (Loss)	(783,472)	(436,879)	(406,421)	(1,003,189)	(537,243)	(12,053,225)
Nonoperating Revenues	11,407	2,098	253	2,588	-	167,657
Nonoperating Expenses	(262,026)	-	(318,252)	(790,324)	(2,469)	(6,977,523)
Loss Before Capital Contributions	(1,034,091)	(434,781)	(724,420)	(1,790,925)	(539,712)	(18,863,091)
Capital Contributions	-	-	81,096	1,435,253	1,914,062	3,430,411
Change in Net Position	(1,034,091)	(434,781)	(643,324)	(355,672)	1,374,350	(15,432,680)
Prior Period Adjustment / Equity Transfer	-	-	-	5,113	-	-
Beginning Net Position, As Restated	(3,384,537)	2,029,036	4,951,921	4,232,082	-	73,276,700
Ending Net Position	<u>\$ (4,418,628)</u>	<u>\$ 1,594,255</u>	<u>\$ 4,308,597</u>	<u>\$ 3,881,523</u>	<u>\$ 1,374,350</u>	<u>\$ 57,844,020</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

Summarized Capital Assets – Discretely Presented Component Units

Land, structures, and equipment activity of the discretely presented component units was as follows for the year ended December 31, 2020:

	Balance 12/31/19	Additions and Transfers In	Disposals and Transfers Out	Balance 12/31/2020
Land	\$ 9,619,876	\$ 1,710,000	\$ -	\$ 11,329,876
Construction in Progress	66,280,155	41,219,212	(96,348,604)	11,150,763
Total Capital Assets not Being Depreciated	75,900,031	42,929,212	(96,348,604)	22,480,639
Buildings and Improvements	473,509,735	99,669,662	(58,336)	573,121,061
Capital Lease	29,370,000	-	-	29,370,000
Equipment	18,128,629	2,364,840	(3,645)	20,489,824
Total	521,008,364	102,034,502	(61,981)	622,980,885
Less: Accumulated Depreciation	(139,329,565)	(20,016,775)	14,286	(159,332,054)
Total Capital Assets Being Depreciated	381,678,799	82,017,727	(47,695)	463,648,831
Total Capital Assets, Net	<u>\$ 457,578,830</u>	<u>\$ 124,946,939</u>	<u>\$ (96,396,299)</u>	<u>\$ 486,129,470</u>

Summarized Notes Payable – Discretely Presented Component Units

Notes payable of the discretely presented component units consist of the following:

	December 31, 2020
Notes Payable - General Partner	\$ 269,594,412
Mortgages and Other Housing Related Notes	160,422,449
Total	430,016,861
Less Current Portion	(1,216,188)
Noncurrent Portion	<u>\$ 428,800,673</u>

A summary of activity of the discretely presented component units' notes payable is as follows:

Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020
<u>\$ 389,392,000</u>	<u>\$ 44,097,689</u>	<u>\$ (3,472,828)</u>	<u>\$ 430,016,861</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 20 COMMITMENTS AND CONTINGENCIES

Leases

At December 31, 2020, Home Forward has approximately 10,764 dwelling units under lease to Section 8 landlords. The terms of these leases extend up to one year. Housing assistance payments under these leases, including FSS program contributions, for the year ended December 31, 2020 was approximately \$109,438,733.

Construction Commitments

As of December 31, 2020, Home Forward had construction commitments of approximately \$27,535,495.

Contingent Liabilities

Home Forward has entered into long-term use agreements with the City of Portland, Multnomah County and the State of Oregon in exchange for development funds for group homes and other projects. These agreements expire between 2019 and 2065. Repayment of an amortized portion of these funds is required if Home Forward does not use the properties according to their intended purposes. Home Forward has not and does not intend to violate those agreements. The exposure, if recorded, would be approximately \$3,206,212.

General Partner Operating Deficit Guarantees

In relation to the performance of the tax credit partnerships for which Home Forward is the general partner, Home Forward has agreed to provide certain levels of funding in the event of partnership operating deficits that exceed operating reserves. The maximum amount required to fund excess operating deficits ranges from zero to the total amount of the excess operating deficit for a single partnership. As of December 31, 2020, no additional liability existed relating to excess operating deficits for any of the partnerships.

NOTE 21 RISK MANAGEMENT

Home Forward operates in an industry subject to various risks of loss related to torts, theft, damage, destruction, errors and omissions, injuries to employees or participants, and natural disasters.

Home Forward contracts with Marsh & McLennan Companies (Marsh) for broker services. Annually, Marsh markets the agency's insurance coverage needs to a wide variety of insurance markets. From this effort, Marsh's comprehensive insurance program provides appropriate levels of insurance coverage for property, boiler and machinery equipment, casualty/general liability, automotive, umbrella, financial and professional lines, crime, and cyber/special risks.

Marsh's comprehensive insurance provides coverage for 2,512 affordable properties, 1 New Market West property, 676 public housing properties, and 228 special needs properties. This does not include the 497 units Home Forward's Asset Management manages as part of our inter-governmental agreement with the City of Portland.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 21 RISK MANAGEMENT (CONTINUED)

Marsh coverage as of December 31, 2020, includes:

Liabilities	Deductible	Coverage
Property/Earthquake/Flood/Business Interruption	\$ 100,000	\$ 100,000,000
Boiler/Machinery/Equipment	5,000	100,000,000
General Liability	-	2,000,000
Automobile	500/1,000	1,000,000
Professional Liability	-	1,000,000
Umbrella Liability	-	10,000,000
Public Officials Liability	100,000	2,000,000
Fidelity and Crime	25,000	1,000,000
Special Risks	-	1,000,000
Cyber Liability	25,000	2,000,000
Lloyds/Roanoke Property Terrorism	10,000	100,000,000

Home Forward contracts with SAIF Corporation to provide workers' compensation and employer liability coverage of \$1,000,000 per incident with no deductible.

Settlements have not exceeded coverage during the last three years. Home Forward has four liability claims as of December 31, 2020.

For several years, Home Forward experienced significant increases in its insurance costs. In order to address these increases, Home Forward created a Home Forward controlled pure captive insurance company.

In August 2020, the Board of Commissioners approved Resolution 20-08-02 authorizing Home Forward to establish a pure captive insurance company. On December 24, 2020, the HF Insurance Group LLC (HFIG) was formed. The Captive is a Class 2 limited liability company managed by Home Forward as the sole member and will insure the risks of Home Forward and its affiliates.

This entity will allow Home Forward to provide insurance coverage to itself and reduce its dependency on the retail insurance market and gain access to reinsurance markets. It will also allow Home Forward to build insurance funds to support the organization's ability to retain more risk. The captive will, initially, be structured to provide property related coverage but may be able to provide additional insurance coverage types in the future.

NOTE 22 SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties continue which could negatively impact Home Forward's financial condition and operating results. However, the related financial impact and duration cannot be reasonably established at this time.

In May 2021, 209 public housing units were converted via the RAD program as part of the Central Group Low Income Housing Tax Credit Limited Partnership close.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**HOME FORWARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST SEVEN FISCAL YEARS***

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	(a) Home Forward's Proportion of the Net Pension Liability (Asset)	(b) Home Forward's Proportionate Share of the Net Pension Liability (Asset)	(c) Home Forward's Covered Payroll	(b/c) Home Forward's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2020	0.14600007 %	\$ 31,862,281	\$ 22,943,155	138.87 %	75.80 %
December 31, 2019	0.14322567	24,774,611	18,423,720	134.47	80.20
December 31, 2018**	0.14164116	21,456,770	17,367,082	123.55	82.10
March 31, 2018	0.15329650	20,664,424	17,227,380	119.95	83.10
March 31, 2017	0.15888919	23,852,957	17,299,181	137.88	80.50
March 31, 2016	0.15526214	8,914,316	17,560,069	50.76	91.90
March 31, 2015	0.16124152	(3,654,885)	16,954,319	(21.56)	103.60

SCHEDULE OF PENSION CONTRIBUTIONS

Year Ended	(a) Statutorily Required Contribution	(b) Contributions in Relation to the Statutorily Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) Home Forward's Covered Payroll	(b/c) Contributions as a Percent of Covered Payroll
December 31, 2020	\$ 2,758,006	\$ 2,758,006	\$ -	\$ 22,943,155	12.02 %
December 31, 2019	2,044,769	2,044,769	-	18,423,720	11.10
December 31, 2018**	1,846,617	1,846,617	-	17,367,082	10.63
March 31, 2018	1,755,769	1,755,769	-	17,227,380	10.19
March 31, 2017	1,476,588	1,476,588	-	17,299,181	8.54
March 31, 2016	1,465,817	1,465,817	-	17,560,069	8.35
March 31, 2015	1,565,938	1,565,938	-	16,954,319	9.24

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon State Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reduction the 2013 Oregon legislature made to future system Cost of Living Adjustments (COLA) through Senate Bill 822 and 861. The reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2017 to be used for the December 31, 2016 actuarial valuation, which explains the significant increase in Home Forward's proportionate share of the net pension liability for the fiscal year ended March 31, 2017.

*Fiscal year ended March 31, 2015 was the first year of implementation of GASB Statement No. 68, therefore, only seven years of information is shown.

**This line represents the nine-month period ended December 31, 2018, as Home Forward changed its fiscal year-end to December 31 effective April 1, 2018.

**HOME FORWARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST FOUR FISCAL YEARS***

OTHER POST EMPLOYMENT BENEFITS

Retirement Health Insurance Account (RHIA)

Schedule of Changes in Net OPEB Asset and Related Ratios*

Measurement Date	Proportion of the Net OPEB Asset	Proportionate Share of the Net OPEB Asset	Covered Payroll	Percentage of Covered Payroll
June 30, 2020	0.08330245 %	\$ 169,736	\$ 22,943,155	0.74 %
June 30, 2019	0.14722967	284,501	18,423,720	1.54
June 30, 2018	0.13862370	154,742	17,367,082	0.89
June 30, 2017	0.14138662	59,006	17,227,380	0.34

Schedule of OPEB Contributions*

Year Ended	(a) Contractually Required Contribution**	(b) Contributions in Relation to the Contractually Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) Covered Payroll	(b/c) Percentage of Covered Payroll
December 31, 2020	\$ 61,211	\$ 61,211	\$ -	\$ 22,943,155	0.27 %
December 31, 2019	73,049	73,049	-	18,423,720	0.40
December 31, 2018***	66,536	66,536	-	17,367,082	0.38
March 31, 2018	109,892	109,892	-	17,227,380	0.64

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

*Schedule of changes in net OPEB asset and related ratios and schedule of OPEB contributions are presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore, only four years of information is shown.

**Based on the actuarial report.

***This line represents the nine-month period ended December 31, 2018, as Home Forward changed its fiscal year-end to December 31 effective April 1, 2018.

**HOME FORWARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST FOUR FISCAL YEARS***

OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Retiree Access to Home Forward Benefit Retiree Program (Implicit Benefit Subsidy)

Schedule of Changes in Total Liability and Related Ratios*

	December 31, 2020***	December 31, 2019***	December 31, 2018***	March 31, 2018***
Beginning of Year - January 1, 2020	\$ 887,379	\$ 900,487	\$ 1,415,327	\$ 1,384,796
Benefit Payments	(60,911)	(98,600)	(66,832)	67,210
Service Cost	80,290	50,593	36,662	51,747
Interest on Total OPEB Liability	18,167	34,899	42,494	(58,362)
Change in Assumptions	119,179	-	(512,048)	(15,894)
Experience (Gain) Loss	(111,456)	-	(15,116)	(14,170)
Total Changes	<u>45,269</u>	<u>(13,108)</u>	<u>(514,840)</u>	<u>30,531</u>
End of Year - December 31, 2020	<u>\$ 932,648</u>	<u>\$ 887,379</u>	<u>\$ 900,487</u>	<u>\$ 1,415,327</u>
Covered Payroll**	\$ 22,943,155	\$ 17,030,216	\$ 16,454,315	\$ 15,368,318
Total Liability as a Percentage of its Covered Payroll	4.07%	5.21%	5.47%	9.21%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

*Schedule of changes in OPEB liability and related ratios is presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore, only four years of information is shown. Fiscal year ended December 31, 2018 information only included nine months from April 1, 2018 to December 31, 2018.

**Based on the actuarial report.

***The table above is as of the measurement date of the actuarial report. As such, the information is presented one year prior to the fiscal year ending shown.

OTHER SUPPLEMENTARY INFORMATION

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING
DECEMBER 31, 2020

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
ASSETS AND DEFERRED OUTFLOWS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 1,894,949	\$ 439,501	\$ 1,349,374	\$ 1,542,925	\$ 66,525	\$ 93,312	\$ 241,112	\$ 421,631	\$ 548,677	\$ 480,857
Cash and Cash Equivalents - Restricted	17,811	156,746	10,151	16,024	160,444	721,299	490,160	1,834,909	1,095,677	782,363
Accounts Receivable, Net	2,786,106	18,259	1,395,157	1,472,545	16,526	57,988	20,527	62,054	72,990	28,953
Prepaid Expenses	742	-	1,086	-	263	16,142	5,600	8,573	3,760	16,495
Total Current Assets	<u>4,699,608</u>	<u>614,506</u>	<u>2,755,768</u>	<u>3,031,494</u>	<u>243,758</u>	<u>888,741</u>	<u>757,399</u>	<u>2,327,167</u>	<u>1,721,104</u>	<u>1,308,668</u>
NONCURRENT ASSETS										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	-	-
Notes Receivable and Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets not being Depreciated	234,749	579,600	390,145	68,201	292,240	432,880	138,456	972,371	572,089	1,016,855
Capital Assets being Depreciated, Net	134,632	2,207,701	175,270	556,844	1,651,957	1,763,173	316,181	1,656,065	2,111,061	6,043,795
Total Noncurrent Assets	<u>369,381</u>	<u>2,787,301</u>	<u>565,415</u>	<u>625,045</u>	<u>1,944,197</u>	<u>2,196,053</u>	<u>454,637</u>	<u>2,628,436</u>	<u>2,683,150</u>	<u>7,060,650</u>
Total Assets	<u>\$ 5,068,989</u>	<u>\$ 3,401,807</u>	<u>\$ 3,321,183</u>	<u>\$ 3,656,539</u>	<u>\$ 2,187,955</u>	<u>\$ 3,084,794</u>	<u>\$ 1,212,036</u>	<u>\$ 4,955,603</u>	<u>\$ 4,404,254</u>	<u>\$ 8,369,318</u>
LIABILITIES AND NET POSITION										
CURRENT LIABILITIES										
Accounts Payable	\$ 2,278	\$ 82,306	\$ 1,071	\$ 4,243	\$ 85,080	\$ 205,381	\$ 160,547	\$ 70,214	\$ 54,381	\$ 11,433
Accrued Interest Payable	-	5,218	-	-	3,433	1,619,711	9,516	393,913	1,545,358	70,887
Other Accrued Liabilities	12,375	57	7,797	8,250	-	6,736	-	1,433	-	-
Deferred Revenue	10,277	2,078	13,358	951	9,658	22,216	12,070	48,237	36,667	39,604
Deposits, Payable from Restricted Assets	17,811	8,674	10,151	16,024	15,110	42,397	34,157	104,658	61,069	34,923
Current Portion of Notes and Bonds Payable	-	55,810	-	-	60,749	10,071	125,904	420,601	90,000	70,683
Total Current Liabilities	<u>42,741</u>	<u>154,143</u>	<u>32,377</u>	<u>29,468</u>	<u>174,030</u>	<u>1,906,512</u>	<u>342,194</u>	<u>1,039,056</u>	<u>1,787,475</u>	<u>227,530</u>
NONCURRENT LIABILITIES										
Notes Payable	-	1,085,368	-	-	2,231,840	2,114,320	316,856	432,331	2,664,000	8,747,477
Bonds Payable	-	-	-	-	-	-	773,003	2,440,000	3,465,000	-
Total Noncurrent Liabilities	<u>-</u>	<u>1,085,368</u>	<u>-</u>	<u>-</u>	<u>2,231,840</u>	<u>2,114,320</u>	<u>1,089,859</u>	<u>2,872,331</u>	<u>6,129,000</u>	<u>8,747,477</u>
Total Liabilities	<u>42,741</u>	<u>1,239,511</u>	<u>32,377</u>	<u>29,468</u>	<u>2,405,870</u>	<u>4,020,832</u>	<u>1,432,053</u>	<u>3,911,387</u>	<u>7,916,475</u>	<u>8,975,007</u>
NET POSITION	<u>5,026,248</u>	<u>2,162,296</u>	<u>3,288,806</u>	<u>3,627,071</u>	<u>(217,915)</u>	<u>(936,038)</u>	<u>(220,017)</u>	<u>1,044,216</u>	<u>(3,512,221)</u>	<u>(605,689)</u>
Total Liabilities and Net Position	<u>\$ 5,068,989</u>	<u>\$ 3,401,807</u>	<u>\$ 3,321,183</u>	<u>\$ 3,656,539</u>	<u>\$ 2,187,955</u>	<u>\$ 3,084,794</u>	<u>\$ 1,212,036</u>	<u>\$ 4,955,603</u>	<u>\$ 4,404,254</u>	<u>\$ 8,369,318</u>

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING (CONTINUED)
DECEMBER 31, 2020

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial
ASSETS AND DEFERRED OUTFLOWS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 340,450	\$ 3,599,296	\$ 2,320,763	\$ 16,323	\$ 69,419	\$ 145,872	\$ 59,022	\$ 33,134	\$ 142,047	\$ 32,220
Cash and Cash Equivalents - Restricted	669,185	2,023,080	1,133,566	203,141	220,065	126,350	75,444	243,021	122,672	-
Accounts Receivable, Net	410,221	222,236	98,868	14,807	52,280	280	17,633	35,779	7,417	4,679
Prepaid Expenses	1,840	-	-	937	-	-	-	3,495	1,568	-
Total Current Assets	<u>1,421,696</u>	<u>5,844,612</u>	<u>3,553,197</u>	<u>235,208</u>	<u>341,764</u>	<u>272,502</u>	<u>152,099</u>	<u>315,429</u>	<u>273,704</u>	<u>36,899</u>
NONCURRENT ASSETS										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	-	-
Notes Receivable and Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets not being Depreciated	1,115,635	956,227	702,000	162,767	465,000	363,581	62,747	285,850	200,084	8,459
Capital Assets being Depreciated, Net	1,170,848	11,372,649	3,888,797	964,808	7,008,785	979,780	1,071,363	1,746,521	398,894	4,686
Total Noncurrent Assets	<u>2,286,483</u>	<u>12,328,876</u>	<u>4,590,797</u>	<u>1,127,575</u>	<u>7,473,785</u>	<u>1,343,361</u>	<u>1,134,110</u>	<u>2,032,371</u>	<u>598,978</u>	<u>13,145</u>
Total Assets	<u>\$ 3,708,179</u>	<u>\$ 18,173,488</u>	<u>\$ 8,143,994</u>	<u>\$ 1,362,783</u>	<u>\$ 7,815,549</u>	<u>\$ 1,615,863</u>	<u>\$ 1,286,209</u>	<u>\$ 2,347,800</u>	<u>\$ 872,682</u>	<u>\$ 50,044</u>
LIABILITIES AND NET POSITION										
CURRENT LIABILITIES										
Accounts Payable	\$ 18,622	\$ 1,777,195	\$ 996,204	\$ 8,716	\$ 311,870	\$ 59,137	\$ 438,563	\$ 25,450	\$ 5,076	\$ 70,231
Accrued Interest Payable	7,981	26,673	10,776	1,893	11,884	5,241	1,221	1,899,849	1,041	-
Other Accrued Liabilities	-	-	-	1,767	-	50	-	-	-	-
Deferred Revenue	13,591	67,573	52,881	856	3,627	4,949	232	18,909	4,934	7,639
Deposits, Payable from Restricted Assets	53,710	208,394	109,176	4,720	34,502	11,872	9,724	40,945	5,400	-
Current Portion of Notes and Bonds Payable	101,684	265,043	107,079	24,152	92,128	88,821	36,238	-	26,496	-
Total Current Liabilities	<u>195,588</u>	<u>2,344,878</u>	<u>1,276,116</u>	<u>42,104</u>	<u>454,011</u>	<u>170,070</u>	<u>485,978</u>	<u>1,985,153</u>	<u>42,947</u>	<u>77,870</u>
NONCURRENT LIABILITIES										
Notes Payable	2,940,911	10,229,332	4,217,451	635,374	5,055,771	1,453,658	830,687	1,960,936	554,258	-
Bonds Payable	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	<u>2,940,911</u>	<u>10,229,332</u>	<u>4,217,451</u>	<u>635,374</u>	<u>5,055,771</u>	<u>1,453,658</u>	<u>830,687</u>	<u>1,960,936</u>	<u>554,258</u>	<u>-</u>
Total Liabilities	<u>3,136,499</u>	<u>12,574,210</u>	<u>5,493,567</u>	<u>677,478</u>	<u>5,509,782</u>	<u>1,623,728</u>	<u>1,316,665</u>	<u>3,946,089</u>	<u>597,205</u>	<u>77,870</u>
NET POSITION	<u>571,680</u>	<u>5,599,278</u>	<u>2,650,427</u>	<u>685,305</u>	<u>2,305,767</u>	<u>(7,865)</u>	<u>(30,456)</u>	<u>(1,598,289)</u>	<u>275,477</u>	<u>(27,826)</u>
Total Liabilities and Net Position	<u>\$ 3,708,179</u>	<u>\$ 18,173,488</u>	<u>\$ 8,143,994</u>	<u>\$ 1,362,783</u>	<u>\$ 7,815,549</u>	<u>\$ 1,615,863</u>	<u>\$ 1,286,209</u>	<u>\$ 2,347,800</u>	<u>\$ 872,682</u>	<u>\$ 50,044</u>

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING (CONTINUED)
DECEMBER 31, 2020

	Commercial Space at Lloyd Housing	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Totals
ASSETS AND DEFERRED OUTFLOWS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 1,248,187	\$ 399,564	\$ 93,292	\$ 308,790	\$ 31,225	\$ 170,137	\$ 678,511	\$ 90,085	\$ 1,275,713	\$ 18,132,913
Cash and Cash Equivalents - Restricted	-	970,132	116,886	1,252,128	162,633	72,008	1,525,626	15,727	-	14,217,248
Accounts Receivable, Net	176	54,886	3,460	53,427	9,013	3,382	143,160	168	2,082	7,065,059
Prepaid Expenses	-	13,831	1,080	13,247	2,378	-	142,047	-	-	233,084
Total Current Assets	<u>1,248,363</u>	<u>1,438,413</u>	<u>214,718</u>	<u>1,627,592</u>	<u>205,249</u>	<u>245,527</u>	<u>2,489,344</u>	<u>105,980</u>	<u>1,277,795</u>	<u>39,648,304</u>
NONCURRENT ASSETS										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	4,985	4,985
Notes Receivable and Accrued Interest Receivable	-	3,610	-	-	-	-	-	-	-	3,610
Capital Assets not being Depreciated	-	671,000	272,293	406,124	439,421	90,000	2,022,937	931,700	-	13,853,411
Capital Assets being Depreciated, Net	1,739,594	2,048,844	1,162,185	3,559,899	1,864,274	836,785	8,227,278	889,831	-	65,552,500
Total Noncurrent Assets	<u>1,739,594</u>	<u>2,723,454</u>	<u>1,434,478</u>	<u>3,966,023</u>	<u>2,303,695</u>	<u>926,785</u>	<u>10,250,215</u>	<u>1,821,531</u>	<u>4,985</u>	<u>79,414,506</u>
Total Assets	<u>\$ 2,987,957</u>	<u>\$ 4,161,867</u>	<u>\$ 1,649,196</u>	<u>\$ 5,593,615</u>	<u>\$ 2,508,944</u>	<u>\$ 1,172,312</u>	<u>\$ 12,739,559</u>	<u>\$ 1,927,511</u>	<u>\$ 1,282,780</u>	<u>\$ 119,062,810</u>
LIABILITIES AND NET POSITION										
CURRENT LIABILITIES										
Accounts Payable	\$ -	\$ 118,028	\$ 16,764	\$ 40,122	\$ 83,610	\$ 336,317	\$ 180,284	\$ 5,435	\$ -	\$ 5,168,558
Accrued Interest Payable	-	14,193	1,109	63,621	102,767	1,357	126,189	-	-	5,923,831
Other Accrued Liabilities	-	749	5,215	-	-	5,511	-	-	-	49,940
Deferred Revenue	-	43,138	2,449	39,563	7,855	4,209	55,125	-	-	522,646
Deposits, Payable from Restricted Assets	-	94,767	16,646	75,101	16,600	1,275	137,791	4,255	-	1,169,852
Current Portion of Notes and Bonds Payable	-	399,013	36,152	127,743	64,435	21,479	712,629	-	-	2,936,910
Total Current Liabilities	<u>-</u>	<u>669,888</u>	<u>78,335</u>	<u>346,150</u>	<u>275,267</u>	<u>370,148</u>	<u>1,212,018</u>	<u>9,690</u>	<u>-</u>	<u>15,771,737</u>
NONCURRENT LIABILITIES										
Notes Payable	-	679,663	438,872	2,521,132	1,406,037	1,257,601	2,202,912	-	-	53,976,787
Bonds Payable	-	3,060,000	-	2,980,000	-	-	7,365,882	-	-	20,083,885
Total Noncurrent Liabilities	<u>-</u>	<u>3,739,663</u>	<u>438,872</u>	<u>5,501,132</u>	<u>1,406,037</u>	<u>1,257,601</u>	<u>9,568,794</u>	<u>-</u>	<u>-</u>	<u>74,060,672</u>
Total Liabilities	<u>-</u>	<u>4,409,551</u>	<u>517,207</u>	<u>5,847,282</u>	<u>1,681,304</u>	<u>1,627,749</u>	<u>10,780,812</u>	<u>9,690</u>	<u>-</u>	<u>89,832,409</u>
NET POSITION	<u>2,987,957</u>	<u>(247,684)</u>	<u>1,131,989</u>	<u>(253,667)</u>	<u>827,640</u>	<u>(455,437)</u>	<u>1,958,747</u>	<u>1,917,821</u>	<u>1,282,780</u>	<u>29,230,401</u>
Total Liabilities and Net Position	<u>\$ 2,987,957</u>	<u>\$ 4,161,867</u>	<u>\$ 1,649,196</u>	<u>\$ 5,593,615</u>	<u>\$ 2,508,944</u>	<u>\$ 1,172,312</u>	<u>\$ 12,739,559</u>	<u>\$ 1,927,511</u>	<u>\$ 1,282,780</u>	<u>\$ 119,062,810</u>

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING
YEAR ENDED DECEMBER 31, 2020

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
OPERATING REVENUES										
Dwelling Rental	\$ 387,113	\$ 434,674	\$ 228,230	\$ 90,722	\$ 296,512	\$ 543,523	\$ 659,917	\$ 1,786,157	\$ 1,177,229	\$ 872,050
Nondwelling Rental	15,292	345	90,573	1,101	360	180,985	1,546	24,938	8,595	141,192
HUD Operating Subsidies	912,524	196,752	671,041	895,646	-	-	-	-	-	-
Other	10,052	9,060	7,430	15,158	3,225	44,000	13,590	48,331	35,054	8,640
Total Operating Revenues	1,324,981	640,831	997,274	1,002,627	300,097	768,508	675,053	1,859,426	1,220,878	1,021,882
OPERATING EXPENSES										
Housing Assistance Payments	975	135	-	1,748	-	-	-	-	-	-
Administration	246,654	110,639	281,867	271,394	44,387	290,312	147,682	418,710	361,182	260,401
Finance Expense	-	-	-	-	-	-	-	-	-	-
Program Expense	3,932	44,789	37	4,216	-	43,044	-	5,301	953	-
Tenant Services	-	-	-	298	-	7,199	-	-	-	-
Utilities	106,958	53,724	138,200	93,942	41,582	117,051	77,910	197,169	127,366	134,886
Maintenance	206,598	162,405	156,182	259,086	46,772	182,359	158,040	405,242	276,530	168,104
Depreciation	14,670	185,934	37,700	76,673	73,765	109,333	148,783	392,786	305,589	192,718
General and Other	51,101	31,359	40,401	48,913	8,635	56,709	26,650	115,315	61,442	74,946
Total Operating Expenses	630,888	588,985	654,387	756,270	215,141	806,007	559,065	1,534,523	1,133,062	831,055
OPERATING INCOME (LOSS)	694,093	51,846	342,887	246,357	84,956	(37,499)	115,988	324,903	87,816	190,827
NONOPERATING REVENUES (EXPENSES)										
Investment Income	3,108	1,277	2,859	1,264	255	3,953	4,809	24,023	2,450	1,021
Interest Expense	-	(62,921)	-	-	(42,191)	(65,445)	(32,344)	(133,095)	(225,525)	(130,791)
Loss on Sale of Assets	-	(46,692)	-	-	-	(9,091)	-	-	(5,656)	-
Total Nonoperating Revenues (Expenses)	3,108	(108,336)	2,859	1,264	(41,936)	(70,583)	(27,535)	(109,072)	(228,731)	(129,770)
CAPITAL CONTRIBUTIONS										
Other Nonoperating Contributions	(390,000)	(15,992)	-	(285,000)	(21,500)	(3,610)	(82,996)	(52,010)	6,836	(34,010)
Total Capital Contributions	(390,000)	(15,992)	-	(285,000)	(21,500)	(3,610)	(82,996)	(52,010)	6,836	(34,010)
INCREASE (DECREASE) IN NET POSITION	307,201	(72,482)	345,746	(37,379)	21,520	(111,692)	5,457	163,821	(134,079)	27,047
Net Position - Beginning of Year	4,719,047	2,234,778	2,943,060	3,664,450	(239,435)	(824,346)	(225,474)	880,395	(3,378,142)	(632,736)
NET POSITION - END OF YEAR	<u>\$ 5,026,248</u>	<u>\$ 2,162,296</u>	<u>\$ 3,288,806</u>	<u>\$ 3,627,071</u>	<u>\$ (217,915)</u>	<u>\$ (936,038)</u>	<u>\$ (220,017)</u>	<u>\$ 1,044,216</u>	<u>\$ (3,512,221)</u>	<u>\$ (605,689)</u>

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial
OPERATING REVENUES										
Dwelling Rental	\$ 864,093	\$ 4,212,255	\$ 2,199,968	\$ 188,189	\$ 533,474	\$ 420,490	\$ 211,870	\$ 602,639	\$ 189,112	\$ -
Nondwelling Rental	1,730	28,042	1,950	10,731	5,702	-	59,313	1,333	267	53,401
HUD Operating Subsidies	-	-	-	-	-	-	-	-	-	-
Other	7,293	81,614	54,567	2,910	63,910	395	522	20,443	582	58,799
Total Operating Revenues	873,116	4,321,911	2,256,485	201,830	603,086	420,885	271,705	624,415	189,961	112,200
OPERATING EXPENSES										
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-
Administration	109,992	415,333	337,304	39,449	37,463	63,333	52,474	269,230	26,903	15,341
Finance Expense	-	108,948	55,964	-	-	-	-	-	-	-
Program Expense	-	959	386	-	36,107	-	308	-	-	-
Tenant Services	-	2,980	36,444	-	-	-	-	-	-	-
Utilities	93,681	372,335	179,304	29,428	67,918	69,415	67,899	105,372	32,051	46,506
Maintenance	71,971	724,680	616,071	28,786	65,170	36,143	75,968	183,277	36,126	45,891
Depreciation	159,353	906,129	419,299	128,677	185,059	112,508	63,903	129,305	79,261	227
General and Other	26,689	252,972	127,813	11,203	156,088	9,934	20,170	69,228	11,535	8,611
Total Operating Expenses	461,686	2,784,336	1,772,585	237,543	547,805	291,333	280,722	756,412	185,876	116,576
OPERATING INCOME (LOSS)	411,430	1,537,575	483,900	(35,713)	55,281	129,552	(9,017)	(131,997)	4,085	(4,376)
NONOPERATING REVENUES (EXPENSES)										
Investment Income	2,216	23,175	27,993	183	322	160	39	394	21	-
Interest Expense	(96,394)	(348,284)	(145,490)	(23,185)	(143,789)	(63,414)	(7,016)	(82,260)	(11,742)	-
Loss on Sale of Assets	-	-	(3,088)	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(94,178)	(325,109)	(120,585)	(23,002)	(143,467)	(63,254)	(6,977)	(81,866)	(11,721)	-
CAPITAL CONTRIBUTIONS										
Other Nonoperating Contributions	(182,862)	(500,000)	(375,495)	-	25,000	(40,000)	58,359	-	7,215	-
Total Capital Contributions	(182,862)	(500,000)	(375,495)	-	25,000	(40,000)	58,359	-	7,215	-
INCREASE (DECREASE) IN NET POSITION	134,390	712,466	(12,180)	(58,715)	(63,186)	26,298	42,365	(213,863)	(421)	(4,376)
Net Position - Beginning of Year	437,290	4,886,812	2,662,607	744,020	2,368,953	(34,163)	(72,821)	(1,384,426)	275,898	(23,450)
NET POSITION - END OF YEAR	<u>\$ 571,680</u>	<u>\$ 5,599,278</u>	<u>\$ 2,650,427</u>	<u>\$ 685,305</u>	<u>\$ 2,305,767</u>	<u>\$ (7,865)</u>	<u>\$ (30,456)</u>	<u>\$ (1,598,289)</u>	<u>\$ 275,477</u>	<u>\$ (27,826)</u>

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Commercial Space at Lloyd Housing	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Totals
OPERATING REVENUES										
Dwelling Rental	\$ -	\$ 1,502,162	\$ 295,959	\$ 1,159,409	\$ 502,798	\$ 140,564	\$ 1,946,129	\$ 80,664	\$ 65,056	\$ 21,590,958
Nondwelling Rental	-	2,370	-	62,050	-	160	293,195	-	178	985,349
HUD Operating Subsidies	-	-	-	-	-	-	-	-	-	2,675,963
Other	18	74,564	9,773	53,505	11,581	1,461	94,696	20,304	18,874	770,351
Total Operating Revenues	18	1,579,096	305,732	1,274,964	514,379	142,185	2,334,020	100,968	84,108	26,022,621
OPERATING EXPENSES										
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	2,858
Administration	-	514,851	41,229	418,415	107,977	29,585	361,377	17,185	35,934	5,326,603
Finance Expense	-	-	-	-	-	-	-	-	1,174,723	1,339,635
Program Expense	-	33,885	10	-	196	-	66,515	-	-	240,638
Tenant Services	-	-	9,279	-	-	-	228	-	-	56,428
Utilities	-	172,451	62,294	154,541	128,531	25,282	243,369	8,707	23,339	2,971,211
Maintenance	-	309,590	45,041	247,874	187,682	27,982	489,408	10,150	20,028	5,243,156
Depreciation	40,788	423,676	154,981	190,642	61,624	44,426	297,439	24,833	20,686	4,980,767
General and Other	-	102,349	16,402	68,829	24,162	11,726	141,780	5,713	24,670	1,605,345
Total Operating Expenses	40,788	1,556,802	329,236	1,080,301	510,172	139,001	1,600,116	66,588	1,299,380	21,766,641
OPERATING INCOME (LOSS)	(40,770)	22,294	(23,504)	194,663	4,207	3,184	733,904	34,380	(1,215,272)	4,255,980
NONOPERATING REVENUES (EXPENSES)										
Investment Income	1,578	23,368	40	2,822	362	192	30,983	17	1,081	159,965
Interest Expense	-	(156,318)	(13,959)	(141,366)	(67,054)	(17,908)	(281,637)	-	(37,364)	(2,329,492)
Loss on Sale of Assets	-	-	-	(3,568)	(4,407)	-	-	-	2,834,553	2,762,051
Total Nonoperating Revenues (Expenses)	1,578	(132,950)	(13,919)	(142,112)	(71,099)	(17,716)	(250,654)	17	2,798,270	592,524
CAPITAL CONTRIBUTIONS										
Other Nonoperating Contributions	-	-	-	-	34,905	-	(104,055)	-	-	(1,955,215)
Total Capital Contributions	-	-	-	-	34,905	-	(104,055)	-	-	(1,955,215)
INCREASE (DECREASE) IN NET POSITION	(39,192)	(110,656)	(37,423)	52,551	(31,987)	(14,532)	379,195	34,397	1,582,998	2,893,289
Net Position - Beginning of Year	3,027,149	(137,028)	1,169,412	(306,218)	859,627	(440,905)	1,579,552	1,883,424	(300,218)	26,337,112
NET POSITION - END OF YEAR	<u>\$ 2,987,957</u>	<u>\$ (247,684)</u>	<u>\$ 1,131,989</u>	<u>\$ (253,667)</u>	<u>\$ 827,640</u>	<u>\$ (455,437)</u>	<u>\$ 1,958,747</u>	<u>\$ 1,917,821</u>	<u>\$ 1,282,780</u>	<u>\$ 29,230,401</u>

**HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – SPECIAL NEEDS HOUSING
DECEMBER 31, 2020**

	<u>Carriage Hill</u>	<u>Project Open Door</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 13,064	\$ 42,852	\$ 55,916
Cash and Cash Equivalents - Restricted	19,171	81,035	100,206
Accounts Receivable, Net	2,829	8,627	11,456
Total Current Assets	<u>35,064</u>	<u>132,514</u>	<u>167,578</u>
NONCURRENT ASSETS			
Capital Assets not being Depreciated	75,424	71,104	146,528
Capital Assets being Depreciated, Net	226,341	306,673	533,014
Total Noncurrent Assets	<u>301,765</u>	<u>377,777</u>	<u>679,542</u>
 Total Assets	 <u>\$ 336,829</u>	 <u>\$ 510,291</u>	 <u>\$ 847,120</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 44,396	\$ 2,062	\$ 46,458
Accrued Interest Payable	65	101	166
Other Accrued Liabilities	232	507	739
Unearned Revenue	2,117	7,772	9,889
Deposits, Payable from Restricted Assets	175	1,582	1,757
Current Portion of Bond Payable - Partnerships	1,846	17,033	18,879
Total Current Liabilities	<u>48,831</u>	<u>29,057</u>	<u>77,888</u>
NONCURRENT LIABILITIES			
Notes Payable	202,619	104,339	306,958
Total Liabilities	<u>251,450</u>	<u>133,396</u>	<u>384,846</u>
NET POSITION	<u>85,379</u>	<u>376,895</u>	<u>462,274</u>
 Total Liabilities and Net Position	 <u>\$ 336,829</u>	 <u>\$ 510,291</u>	 <u>\$ 847,120</u>

**HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – SPECIAL NEEDS HOUSING
YEAR ENDED DECEMBER 31, 2020**

	Carriage Hill	Project Open Door	Total
OPERATING REVENUES			
Dwelling Rental	\$ 27,132	\$ 76,294	\$ 103,426
Other	2,829	5,133	7,962
Total Operating Revenues	<u>29,961</u>	<u>81,427</u>	<u>111,388</u>
OPERATING EXPENSES			
Administration	170	257	427
Program Expense	7,420	7,850	15,270
Utilities	8,264	12,439	20,703
Maintenance	19,953	34,963	54,916
Depreciation	12,389	20,561	32,950
General and Other	1,782	4,654	6,436
Total Operating Expenses	<u>49,978</u>	<u>80,724</u>	<u>130,702</u>
OPERATING INCOME (LOSS)	(20,017)	703	(19,314)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	236	439	675
Interest Expense	(607)	(1,291)	(1,898)
Total Nonoperating Revenues (Expenses)	<u>(371)</u>	<u>(852)</u>	<u>(1,223)</u>
INCREASE (DECREASE) IN NET POSITION	(20,388)	(149)	(20,537)
Net Position - Beginning of Year	132,231	377,044	509,275
Prior Period Adjustment	<u>(26,464)</u>	<u>-</u>	<u>(26,464)</u>
NET POSITION - END OF YEAR	<u>\$ 85,379</u>	<u>\$ 376,895</u>	<u>\$ 462,274</u>



INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Home Forward
Portland, Oregon

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated August 31, 2021. We conducted our audit 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 *Minimum Standards for Audits of Oregon Municipal Corporations*. Our auditors' report includes a reference to other auditors. Novogradac & Company LLP and Jones & Roth PC audited the financial statements of the aggregate discretely presented component units. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

Compliance

As part of obtaining reasonable assurance about whether Home Forward's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe Home Forward was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of ORS as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Home Forward’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Home Forward’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s 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.

Purpose of this Report

This report is intended solely for the information and use of the board of commissioners, management of Home Forward, and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these specified parties.



Christian J. Rogers
CliftonLarsonAllen LLP

Portland, Oregon
August 31, 2021