

**L.A. FAMILY HOUSING CORPORATION
AND AFFILIATED ORGANIZATIONS**

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION

AND
INDEPENDENT AUDITOR'S REPORTS
DECEMBER 31, 2020 AND 2019



L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

TABLE OF CONTENTS

DECEMBER 31, 2020 AND 2019

	<u>Page No.</u>
Independent Auditor's Report	1 – 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3 – 4
Consolidated Statements of Activities and Change in Net Assets	5
Consolidated Statements of Functional Expenses	6 – 7
Consolidated Statements of Cash Flows	8 – 9
Notes to Consolidated Financial Statements	10 – 39
Supplementary Information	40
Schedule I: Consolidating Statement of Financial Position	41 – 44
Schedule II: Consolidating Statement of Activities and Change in Net Assets	45 – 47
Supplementary Information Required by HCD for Cochran Villa, Inc.	
Schedule III: Schedules of Operations	48 – 50
Schedule IV: Supplementary Information Required by HCD	51 – 53
Schedule V: Computation of Operating Cash Flow/Surplus Cash	54
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55 – 56
Summary of Audit Findings and Recommendations	57
HCD Managing Agent Certification – Cochran Villa, Inc.	58
HCD Mortgagor's Certification – Cochran Villa, Inc.	59



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
L.A. Family Housing Corporation:

We have audited the accompanying consolidated financial statements of L.A. Family Housing Corporation (a nonprofit California Corporation) and Affiliated Organizations (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of a certain controlled entity in development, which statements reflect total combined assets of \$6,057,827 as of December 31, 2020, and total revenues of zero for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these wholly owned properties and controlled partnerships, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2020 and 2019, and the change in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. The accompanying supplementary information in Schedules III through V consists of information required by the *California Department of Housing and Community Development* (HCD) for one of LA Family Housing's wholly owned entities and is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Holthouse Carlin & Van Trigt LLP

Los Angeles, California
September 15, 2021

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 7,332,018	\$ 3,322,830
Contributions receivable due within one year	665,938	1,024,338
Contracts receivable due within one year	13,314,720	7,494,524
Receivables - rental	166,908	51,654
Prepaid expenses and other assets	211,535	415,083
Current portion of restricted cash	159,335	159,450
Other current assets	3,889,772	1,618,996
Tenant security deposits and client trust accounts	423,141	429,204
Total current assets	26,163,367	14,516,079
Restricted property reserves		
Operating reserves	1,628,867	1,622,547
Replacement reserves	1,372,288	1,386,125
Transition reserves	718,864	717,858
Total restricted property reserves	3,720,019	3,726,530
Restricted cash, net of current portion	2,547,516	661,613
Property, at cost		
Land	37,142,275	17,426,219
Buildings and building improvements	144,077,642	92,280,566
Furniture and equipment	4,023,645	2,839,280
Automobiles	563,897	423,552
Construction in progress and development costs	5,046,425	9,752,135
Total property, at cost	190,853,884	122,721,752
Less: accumulated depreciation	(26,787,529)	(23,953,236)
Property, net	164,066,355	98,768,516
Notes receivable	20,479,750	20,479,750
Investments	6,914,769	7,323,714
Contributions receivable, net of current portion	104,500	600,000
Deferred rent receivable	62,484	-
Developer fee receivable	757,300	-
Deferred costs, net	88,988	69,245
Total assets	\$ 224,905,048	\$ 146,145,447

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31,	2020	2019
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 7,451,085	\$ 3,949,762
Accrued payroll	1,934,396	1,231,014
Current portion of notes payable	11,646,831	1,170,371
Current portion of accrued interest payable	16,656	9,524
Construction costs payable	5,785,194	3,528,478
Deferred revenues	9,944,201	5,792,581
Paycheck Protection Program loan	3,594,200	-
Tenant deposit liabilities	427,554	427,466
Total current liabilities	40,800,117	16,109,196
Notes payable secured by real estate, net of current portion and unamortized debt issuance costs	139,777,416	87,226,075
Accrued interest payable, net of current portion	14,895,776	13,669,554
Total liabilities	195,473,309	117,004,825
Commitments and contingencies (see Notes)		
Net assets		
Without donor restrictions		
Controlling	12,248,192	11,151,950
Noncontrolling	16,369,172	16,387,455
Total net assets without donor restrictions	28,617,364	27,539,405
With donor restrictions	814,375	1,601,217
Total net assets	29,431,739	29,140,622
Total liabilities and net assets	\$ 224,905,048	\$ 146,145,447

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues						
Government contracts and grants	\$ 44,036,873	\$ -	\$ 44,036,873	\$ 36,092,069	\$ -	\$ 36,092,069
Private contributions (corporate, foundation and individuals)	6,536,302	58,487	6,594,789	4,110,006	388,750	4,498,756
Contributed goods and services (Note 2)	1,442,966	-	1,442,966	1,169,029	-	1,169,029
Special events revenues	928,380	-	928,380	2,143,050	-	2,143,050
Less direct benefits to donors	(22,920)	-	(22,920)	(171,077)	-	(171,077)
Total public support and revenues	52,921,601	58,487	52,980,088	43,343,077	388,750	43,731,827
Other revenues						
Development fees	1,945,222	-	1,945,222	425,170	-	425,170
Rental revenues	5,122,577	-	5,122,577	4,568,993	-	4,568,993
Other revenues	513,251	-	513,251	682,309	-	682,309
Total other revenues	7,581,050	-	7,581,050	5,676,472	-	5,676,472
Net assets released from restrictions	845,329	(845,329)	-	1,999,793	(1,999,793)	-
Total public support and revenues, other revenues and net assets released from restrictions	61,347,980	(786,842)	60,561,138	51,019,342	(1,611,043)	49,408,299
Expenses						
Program services						
Homeless services	42,769,656	-	42,769,656	36,903,944	-	36,903,944
Real estate development	538,149	-	538,149	717,704	-	717,704
Permanent housing operation	8,432,243	-	8,432,243	8,239,181	-	8,239,181
Total program services	51,740,048	-	51,740,048	45,860,829	-	45,860,829
Supporting services						
Management and general	7,433,817	-	7,433,817	3,715,581	-	3,715,581
Fundraising and development	1,796,156	-	1,796,156	1,753,031	-	1,753,031
Total supporting services	9,229,973	-	9,229,973	5,468,612	-	5,468,612
Total expenses	60,970,021	-	60,970,021	51,329,441	-	51,329,441
Change in net assets	377,959	(786,842)	(408,883)	(310,099)	(1,611,043)	(1,921,142)
Net assets, beginning of the year	27,539,405	1,601,217	29,140,622	16,932,251	3,212,260	20,144,511
Contributions	750,000	-	750,000	11,002,253	-	11,002,253
Syndication costs	(50,000)	-	(50,000)	(85,000)	-	(85,000)
Net assets, end of the year	\$ 28,617,364	\$ 814,375	\$ 29,431,739	\$ 27,539,405	\$ 1,601,217	\$ 29,140,622

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services			Total 2020 Expenses
	Homeless Services	Real Estate Development	Permanent Housing Operations	Subtotal Program Services	Management and General	Fundraising and Development	Subtotal Supporting Services	
Bad debt expense	\$ -	\$ -	\$ 50,209	\$ 50,209	\$ -	\$ -	\$ -	\$ 50,209
Direct client assistance	13,707,541	-	-	13,707,541	-	29,013	29,013	13,736,554
Office equipment and supplies	1,108,772	32,654	54,540	1,195,966	21,559	80,334	101,893	1,297,859
Subcontractors	3,462,225	-	-	3,462,225	-	-	-	3,462,225
Other operating expenses	951,767	5,083	557,735	1,514,585	1,364,318	98,620	1,462,938	2,977,523
Professional fees	154,767	17,731	192,556	365,054	800,419	37,171	837,590	1,202,644
Property taxes and insurance	285,627	9,094	341,420	636,141	64,992	14,967	79,959	716,100
Property management and development	-	-	320,233	320,233	138,263	-	138,263	458,496
Rent expense	253,421	5,964	3,033	262,418	358,795	6,922	365,717	628,135
Repairs and maintenance	1,551,347	154,417	794,085	2,499,849	27,243	24,892	52,135	2,551,984
Salaries, taxes, and benefits	20,103,627	158,443	1,184,272	21,446,342	4,218,476	1,307,267	5,525,743	26,972,085
Events and public relations	-	-	-	-	-	215,577	215,577	215,577
Utilities	702,530	14,581	890,530	1,607,641	81,584	3,729	85,313	1,692,954
Vehicle expenses	211,838	146	-	211,984	3,380	584	3,964	215,948
Abandoned project costs	-	140,036	-	140,036	-	-	-	140,036
Total before financial expenses	42,493,462	538,149	4,388,613	47,420,224	7,079,029	1,819,076	8,898,105	56,318,329
Interest expense and finance fees	95,980	-	1,615,982	1,711,962	115,054	-	115,054	1,827,016
Total before depreciation and amortization	42,589,442	538,149	6,004,595	49,132,186	7,194,083	1,819,076	9,013,159	58,145,345
Depreciation and amortization	180,214	-	2,427,648	2,607,862	239,734	-	239,734	2,847,596
Total expenses by function	42,769,656	538,149	8,432,243	51,740,048	7,433,817	1,819,076	9,252,893	60,992,941
Less expenses included with revenues:								
Cost of direct benefits to donors	-	-	-	-	-	(22,920)	(22,920)	(22,920)
Total expenses in the statement of activities	\$ 42,769,656	\$ 538,149	\$ 8,432,243	\$ 51,740,048	\$ 7,433,817	\$ 1,796,156	\$ 9,229,973	\$ 60,970,021

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services				Supporting Services			Total
	Homeless Services	Real Estate Development	Permanent Housing Operations	Subtotal Program Services	Management and General	Fundraising and Development	Subtotal Supporting Services	2019 Expenses
Bad debt expense	\$ 32,791	\$ -	\$ 43,893	\$ 76,684	\$ -	\$ -	\$ -	\$ 76,684
Direct client assistance	12,730,725	-	-	12,730,725	-	-	-	12,730,725
Office equipment and supplies	642,278	7,000	38,443	687,721	253,604	5,260	258,864	946,585
Subcontractors	3,044,956	-	-	3,044,956	-	-	-	3,044,956
Other operating expenses	1,369,847	22,982	200,326	1,593,155	193,808	346,828	540,636	2,133,791
Professional fees	238,403	18,475	210,447	467,325	440,384	41,785	482,169	949,494
Property taxes and insurance	110,053	644	686,463	797,160	7,234	2,518	9,752	806,912
Property management and development	75,912	-	385,434	461,346	-	-	-	461,346
Rent expense	396,913	24,038	8,013	428,964	88,140	368,438	456,578	885,542
Repairs and maintenance	634,903	25,653	2,221,953	2,882,509	17,416	11,196	28,612	2,911,121
Salaries, taxes, and benefits	16,514,400	487,806	110,383	17,112,589	2,331,574	778,138	3,109,712	20,222,301
Events and public relations	-	-	-	-	-	353,664	353,664	353,664
Utilities	747,056	6,106	626,651	1,379,813	22,386	16,281	38,667	1,418,480
Vehicle expenses	197,385	-	3,913	201,298	-	-	-	201,298
Loss on projects in development	-	125,000	-	125,000	-	-	-	125,000
Total before financial expenses	36,735,622	717,704	4,535,919	41,989,245	3,354,546	1,924,108	5,278,654	47,267,899
Interest expense and finance fees	3,692	-	1,551,509	1,555,201	318,297	-	318,297	1,873,498
Total before depreciation and amortization	36,739,314	717,704	6,087,428	43,544,446	3,672,843	1,924,108	5,596,951	49,141,397
Depreciation and amortization	164,630	-	2,151,753	2,316,383	42,738	-	42,738	2,359,121
Total expenses	36,903,944	717,704	8,239,181	45,860,829	3,715,581	1,924,108	5,639,689	51,500,518
Less expenses included with revenues:								
Cost of direct benefits to donors	-	-	-	-	-	(171,077)	(171,077)	(171,077)
Total expenses in the statement of activities	\$ 36,903,944	\$ 717,704	\$ 8,239,181	\$ 45,860,829	\$ 3,715,581	\$ 1,753,031	\$ 5,468,612	\$ 51,329,441

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS**FOR THE YEARS ENDED DECEMBER 31,****2020****2019****Cash flows from operating activities**

Change in net assets	\$ (408,883)	\$ (1,921,142)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,847,596	2,359,121
Amortization of debt issuance costs	57,134	48,520
Contribution of stock	(275,017)	-
Bad debt expense	50,209	74,254
Unrealized/realized (gain) or loss on investments	1,302	(105,673)
Sale of contributed stock	270,922	-
Loss on projects in development	-	125,000
Changes in operating assets and liabilities:		
Contributions receivable	853,900	1,037,543
Contracts receivable	(5,820,196)	471,250
Deferred costs, net	(62,484)	-
Receivables - rental	(165,463)	(33,324)
Prepaid expenses and other assets	203,548	321,476
Accounts payable and accrued expenses	(85,612)	120,045
Accrued payroll	703,385	518,487
Accrued interest payable	1,258,402	960,913
Deferred revenues	4,151,620	(106,033)
Tenant deposit liabilities	88	(660)
Net cash provided by operating activities	3,580,451	3,869,777

Cash flows from investing activities

Expenditures for property	(64,500,812)	(14,931,498)
Refunds (expenditures) for deferred costs	(15,853)	19,136
Proceeds from sale of investments	4,221,021	1,246,679
Purchase of investments	(3,809,283)	(1,371,048)
Net cash used in investing activities	(64,104,927)	(15,036,731)

Cash flows from financing activities

Contributions	750,000	11,002,253
Proceeds from notes payable and line of credit	64,401,726	14,110,810
Proceeds from Paycheck Protection Program loan	3,594,200	-
Payment of notes payable and line of credit	(1,827,296)	(16,542,867)
Expenditures for debt issuance costs	(461,752)	(321,143)
Expenditures for syndication costs	(50,000)	(85,000)
Net cash provided by financing activities	66,406,878	8,164,053

Net change in cash, cash equivalents and restricted cash	5,882,402	(3,002,901)
Cash, cash equivalents and restricted cash at beginning of year	8,299,627	11,302,528
Cash, cash equivalents and restricted cash at end of year	\$ 14,182,029	\$ 8,299,627

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2020	2019
---	-------------	-------------

Supplemental disclosure of cash flow information:

Cash paid for interest, net of capitalized interest	\$ 445,891	\$ 995,297
---	------------	------------

Supplemental disclosure of noncash investing and financing activities:

Unpaid construction costs	\$ 3,572,872	\$ 1,513,807
---------------------------	--------------	--------------

See accompanying notes to consolidated financial statements.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. ORGANIZATION

L.A. Family Housing Corporation and Affiliated Organizations (collectively, the Organization) are corporations organized under the General Nonprofit Corporation Law of the State of California. These corporations help homeless and low-income families and individuals of the Greater Los Angeles area transition out of poverty and create lasting stability. The Organization provides a comprehensive range of supportive services and offers a continuum of housing, including emergency and bridge, scattered site community-based placement, permanent supportive and permanent affordable housing.

L.A. Family Housing Corporation (LAFH) wholly owns and operates the following:

- LAFH provides administration and management services for the various programs of the Organization.
- Comunidad Cesar Chavez (previously known as Chernow House and Triangle Apartments) is a 146-bed, 27-unit complex located in the Boyle Heights area of Los Angeles, California, which provides emergency shelter for up to four months for homeless families.
- Gentry Village is a 3-unit complex located in North Hollywood, California, which provides permanent housing for families with low income.
- Martin Luther King, Jr. (MLK) is a 7-unit complex located in Los Angeles, California, which provides permanent housing for families with low income.
- Strong House is a 6-unit historical mansion located in Los Angeles, California, which provides permanent housing for families with low income.
- Gentry North is a 5-unit complex located in North Hollywood, California, which provides permanent housing for families and single adults with low income.
- Casa Figueroa is a 4-unit complex located in Los Angeles, California, which provides permanent housing for families with low income.
- Hyde Park is a 25-unit complex located in Inglewood, California, which provides permanent housing for families with low income.
- Klump is a 15-unit complex located in North Hollywood, California, which provides permanent supportive housing for single adults with very low income.
- Delano I is a 9-unit complex located in Van Nuys, California, which provides permanent housing for families with low income.
- Delano II is a 9-unit complex located in Van Nuys, California, which provides permanent housing for families with low income.

Incorporated affiliated nonprofit organizations represent organizations that are individually incorporated under the laws of the state of California, have independent boards of directors, but are directly governed by the Organization's board of directors and are centrally managed in conjunction with the Organization's housing programs. Accordingly, the assets, liabilities, support, revenues and expenses

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

of the following affiliated nonprofit organizations are consolidated in the financial statements of the Organization:

- L.A.F.H. Temporary Housing Corp. I (Valley Shelter) is a nonprofit California corporation originally established to manage the Valley Shelter project in North Hollywood, California, for up to 250 homeless adults. While the Valley Shelter project no longer exists, the corporation remains to receive FEMA and United Way funding for the operation of Bridge Housing at the South Campus under the Emergency Food and Shelter Program contracts.
- L.A.F.H. Permanent Housing Corp. I (Casa Central) is a nonprofit California corporation established to own a 6-unit complex located in Los Angeles, California, which provides permanent housing for families with low income.
- Cochran Villa Inc. (Cochran Villa) is a nonprofit California corporation established to own a 10-unit complex located in Los Angeles, California, which provides permanent housing for families with low income.
- Harmony Villa, Inc. (Harmony Place) is a nonprofit California corporation established to own an 18-unit complex located in North Hollywood, California, which provides permanent housing for families with low income and owns a 1% interest in Glenoaks Gardens Limited Partnership.
- LAFH Phase I QALICB, Inc. (Phase I) is a California nonprofit corporation established to acquire and rehabilitate the property formerly known as Sydney M. Irmas Transitional Living Center (TLC) and to develop the South Campus at LA Family Housing (South Campus) using federal New Market Tax Credits (NMTC). South Campus includes Bridge Housing for single adults (up to 250 beds), Crisis Housing for families (12 units), and the Family Solution Center for all families. The rehabilitation was completed in 2017.
- LAFH Phase II QALICB, Inc. (Phase II) is a California nonprofit corporation established to acquire the property formerly known as Valley Shelter and to develop commercial property at North Campus at LA Family Housing (North Campus) using federal NMTC. The commercial improvements consist of a comprehensive intake and assessment center for homeless individuals and administrative office space to be used as the headquarters of LAFH. Phase II entered into a Memorandum of Understanding (MOU) with Northeast Valley Health Corporation (NEVHC), a California nonprofit public benefit corporation, to construct a 5,288 square foot clinic on the ground floor of the Property (the Clinic) to be leased to NEVHC upon completion of the Clinic. The North Campus also includes residential property constructed by PSH Campus, L.P. (The Fiesta). The development of the commercial property was completed in May 2019 and the Clinic was completed December 2019.

In addition, LAFH controls affordable housing affiliate entities consisting of limited partnerships and limited liability companies. Accordingly, the assets, liabilities, support, revenues and expenses of the following affiliated entities are consolidated in the financial statements of the Organization.

- LA Family Housing, LLC (LAFH, LLC) is a single member California LLC established to be the limited partner for various tax credit properties that are wholly owned by LAFH.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

- LAFH, combined with affiliate interests, owns a 100% interest in the following limited partnerships:

Wholly Owned Partnerships	Affiliate Interest	LAFH Interest	Number of Units
Glenoaks Gardens, L.P. (Glenoaks Gardens)	1%	99%	61
Vineland Place Limited Partnership (Vineland Place)	10%	90%	18
Alabama Court Limited Partnership (Alabama Court)	99%	1%	42
Harmony Gardens Limited Partnership (Harmony Gardens)	99%	1%	14
11754 Vanowen Gardens, L.P. (Vanowen Gardens)	99%	1%	15
13436 Victory Partners, L.P. (Victory)	99.99%	.01%	15
The Angel 2018, L.P. (My Angel) *	.01%	99.99%	54
The Emerald 2020, L.P. (Emerald) *	.01%	99.99%	72
14649 Saticoy Partners, L.P. (Saticoy)	-	100%	30
Total units			321

* Projects were under predevelopment in 2020.

- In addition, during 2020, LAFH, was selected by the City of Los Angeles to acquire and rehabilitate hotels and motels in order to serve people experiencing homelessness or who are also at risk of serious illness from COVID-19 under the state's Project Home Key program (PHK). LAFH formed PHK entities combined with affiliate interests that own a 100% interest in the following limited partnerships:

Wholly Owned Partnerships	Affiliate Interest	LAFH Interest	Number of Rooms
PHK HoJo, L.P.	.01%	99.99%	74
PHK GNinn, L.P.	.01%	99.99%	87
PHK Pano, L.P.	.01%	99.99%	51
Total rooms			212

- The following is a summary of limited liability companies (LLC) established to own up to a 1% general partner interest in limited partnerships:

General Partner	Limited Partnership
Apartments at Day Street, LLC	Day Street, L.P.
PSH Campus, LLC	PSH Campus, L.P.
Ormond Beach Housing, LLC	Ormond Beach LP
Residences on Main LLC	Residences on Main L.P.
The Angel 2018 LLC	The Angel 2018, L.P.
The Emerald 2020, LLC	The Emerald 2020, L.P.
9502 VN GL LLC	9502 Van Nuys, L.P.
Sylmar II, LLC	Sylmar II, L.P.
PHK HoJo, LLC	PHK HoJo, L.P.
PHK GNinn, LLC	PHK GNinn, L.P.
PHK Pano, LLC	PHK Pano, L.P.
PHK Sup8, LLC	Topanga Canyon Housing Partners *

* Partnership was formed in 2021

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

LAFH directly, or through an affiliate, is the general partner in limited partnerships that are invested in or developing residential apartment complexes that qualify for low-income housing tax credits under Section 42 of the Internal Revenue Code (IRC) and rent to qualified low-income tenants. LAFH holds up to a 1% controlling ownership interest in each of these limited partnerships (Controlled Limited Partnerships).

Controlled Limited Partnerships	General Partner	Number of Units
Day Street, L.P. (Day Street)	Day Street, LLC	46
PSH Campus, L.P. (Fiesta)	PSH Campus, LLC	50
Residences on Main, L.P. (ROM)	Residences on Main GP, LLC	50
Sylmar II, L.P. (Silva Crossing) *	Sylmar II, LLC	55
Total units		201

* Project was under construction in 2020.

Description of Programs Through LAFH's outreach and engagement process, LAFH connects people in need who are homeless or in danger of homelessness with housing placement combined with supportive services to help transition families and individuals out of homelessness and retain long-term housing stability.

- **Homeless Services** LAFH's core program, homeless services, consists of outreach and prevention, interim housing (bridge and crisis); housing navigation intake, assessment, placement services; and housing stabilization. Supportive services ensure the individuals and families served have all the resources they need to achieve stability and stay housed.
- Services are provided by LAFH staff in collaboration with partner agencies and include:
 - Case management and life skills training
 - Housing location, placement and retention services
 - Employment placement and job development
 - Licensed pre-school, after-school and child enrichment programs
 - Medical, mental health, and behavioral health care
 - Linkages to benefits, substance counseling, continuing education, and more
- **Real Estate Development** LAFH recognizes that an increase in affordable housing is the key to ending homelessness. The Organization builds affordable housing units through new construction, acquisition and rehabilitation, or through partnerships with third party developers. The program develops affordable housing for individuals and families with annual median incomes ranging from very low to moderate income.
- **Permanent Housing Operations** In addition to developing affordable housing, LAFH owns and operates a portfolio of affordable housing properties through direct ownership or joint ventures to help combat the lack of housing in Los Angeles County. The properties all serve very low and low income households and include permanent supportive housing, which is housing linked to on-site supportive services for chronically homeless individuals with disabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The consolidated financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of LAFH, wholly owned subsidiaries and all of its controlled affiliates. The controlled affiliates are included in the consolidation in accordance with U.S. GAAP, which require that the partnership or company accounts be consolidated for all limited partnerships and limited liability companies which are deemed to be controlled by the Organization. All significant intercompany balances and transactions have been eliminated in consolidation. The noncontrolling interests in the consolidated limited partnerships are shown separately in the components of net assets (deficit).

Classes of Net Assets Net assets of the Organization and changes therein are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets have been classified and are reported as follows:

Net Assets Without Donor Restrictions:

- **Controlling** Net assets not restricted by donor-imposed stipulations and are available for use at the discretion of the board of directors and/or management for general operating purposes. The only limits on net assets are broad limits resulting from the nature of the Organization and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. From time to time, the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.
- **Noncontrolling** Net assets that represent the aggregate balance of the third party limited partners' equity interest in the Controlled Limited Partnerships, generally up to 99.99%, that are included in the consolidated financial statements.

Net Assets With Donor Restrictions Net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources will be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions.

Cash, Cash Equivalents and Restricted Cash For purposes of the consolidated statements of financial position and consolidated statements of cash flows, cash and cash equivalents consist of cash and highly liquid unrestricted investments with an original maturity of three months or less when purchased.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the totals of the same such amounts presented in the consolidated statements of cash flows:

As of December 31,	2020	2019
Cash and cash equivalents	\$ 7,332,018	\$ 3,322,830
Restricted cash	2,706,851	821,063
Restricted property reserves	3,720,019	3,726,530
Tenant security deposits	423,141	429,204
Cash, cash equivalents and restricted cash	\$ 14,182,029	\$ 8,299,627

Restricted Cash In accordance with loan agreements, the Organization is required to deposit loan proceeds to be used for development purposes. In addition, restricted cash includes reserves required by lenders for purposes of funding certain current operating costs and debt service. In addition, reserves were established for Phase I and Phase II in accordance with NMTC agreements restricted for the purpose of development and to cover annual transaction and management fees.

Restricted Property Reserves The Organization has set up certain operating, replacement and transition reserve accounts and continues to make annual deposits as required by the various loan and regulatory agreements.

Investments Investments in marketable securities are recorded at fair value with realized and unrealized gains and losses included in the consolidated statements of activities and change in net assets. Realized gains and losses are determined using the specific identification method and are recorded on their respective trade date. Net unrealized appreciation (depreciation) on investments is reported as increases or decreases in net assets without donor restriction in the consolidated statements of activities and change in net assets for changes in the difference between the recorded cost of the investment and the fair value of the investment at the financial statement date. Dividend and interest income are recorded when earned.

Investment income comprises interest and dividend income, net realized and unrealized gains (losses) on investments, net of investment expenses, and is included in other revenues on the accompanying consolidated statements of activities and change in net assets.

Accounts, Grants and Rental Receivables and Bad Debt Expense Accounts, grants and rental receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Public Support and Revenue Recognition The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measureable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Any funds received in advance of a condition being met are recorded as a liability.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

The Organization receives cost-reimbursable contract and grant funding from federal, state and local agencies for providing permanent housing and supportive services which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring the qualifying expenditures are reported as a liability. The Organization received cost-reimbursable grants that have not been recognized at December 31, 2020 and 2019 because qualifying expenditures have not yet been incurred, with advance payments of \$9,794,028 and \$5,688,349, respectively, included in the accompanying consolidated statements of financial position as deferred revenues.

Revenue from rental property is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Organization and its tenants are operating leases. Included in rental revenue is other income from laundry, vending and miscellaneous charges to tenants. Such other income is recognized when earned.

Revenue from commercial rental property is recognized using the straight-line method under which contractual rent increases are recognized evenly over the lease term. Rental revenue recorded on the straight-line method in excess of the rents billed is recorded as deferred rent receivable. Rents received in advance are deferred and classified as liabilities until earned. All leases between the Organization and commercial tenants are operating leases. Intercompany revenue from commercial leases is eliminated in consolidation.

Developer fees are recognized over the development period under a percentage of completion method based on the development costs incurred as a percentage of the total development costs expected. Amounts not received by the completion date are recorded as a receivable. The gross profit on developer fees earned from controlled affiliated entities are eliminated in consolidation. Management determines the gross profit on developer fees based on project costs which include consultants, internal salaries and benefits, overhead and other non-reimbursed costs.

The Organization conducts several special events during the year to raise money in support of its operations. Special events revenues include corporate contributions and are recognized when the event is held, unless otherwise restricted by donors. The contributions received for special events scheduled to occur after year-end are recorded as deferred revenues and recognized as revenues on the date of the event. Revenue from these events are included in contributions and special events revenue and the related direct expenses are included in special events/fundraising expense in the accompanying consolidated statements of functional expenses.

Contributed Stocks, Goods and Services Contributed goods and services are recorded as contributions at their estimated fair values at the date of donation. Contributed goods consist primarily of household supplies, beds, hygiene products, equipment, and food. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, and would typically need to be purchased if not provided by donation. In-kind contributions of \$1,442,966 and \$1,169,029 for the years ended December 31, 2020 and 2019, respectively, are included in the accompanying consolidated financial statements. Donated financial assets are recorded at fair value at the date of donation. LAFH received donated mutual funds and equity securities with a fair value of \$275,017 and \$0 during the years ended December 31, 2020 and 2019, respectively.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Rental / Operating Subsidy A portion of rental and operating revenue at a number of the apartment buildings is received from the Housing Authority for the City of Los Angeles (Section 8 rental subsidy), the Department of Mental Health Services (MHSA operating subsidy), and/or the Department of Health Services (DHS vouchers). Tenant rents are subsidized based on their income and special needs qualifications. Subsidy revenue is included in the accompanying consolidated statements of activities and change in net assets within rental revenues.

Donated Assets Donated assets are recorded at fair value at the date of donation. Such donations are reported as without restriction unless the donor has restricted the use of the gift. Contributed securities without donor restriction that are sold immediately are reported as operating cash flows in the accompanying consolidated statements of cash flows. Contributed property and equipment donated with explicit restriction regarding their use are reported as net assets with donor restriction. The Organization reports expirations of donor restrictions when the donated property and equipment is placed in service as stipulated by the donor.

Predevelopment Project Costs The Organization incurs costs in connection with properties it is considering for development as well as costs associated with properties in the initial state of development. The Organization capitalizes these costs until the project is transferred to a separate entity or charges the costs to operations at the time it is determined the project is not feasible. Predevelopment project costs are included in construction in progress and development costs in the accompanying consolidated statements of financial position. At December 31, 2020, the Organization had abandoned project costs of \$140,036. There were no abandoned project costs for the year ended December 31, 2019.

Property and Equipment Property and equipment and leasehold improvements, including real estate under development, is stated at cost.

Depreciation and amortization of assets placed in service is calculated using the straight-line method over the following estimated useful lives:

Description	Life
Buildings and building improvements	40 years
Land improvements	20 years
Furniture, equipment, and automobiles	5-7 years
Leasehold improvements	Lesser of life or lease

The Organization capitalizes expenditures or betterments that materially increase asset lives and charges ordinary repairs and maintenance to operations as incurred. Costs of projects under development include direct and indirect costs of construction incurred during the development period. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations. Interest costs directly related to, and incurred during, a project's construction period are capitalized (Note 8).

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, the Organization recognizes an impairment loss equal to the excess of the carrying

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

amount over the estimated fair value of the property. No impairment losses were recognized in 2020 or 2019.

Investments in Unconsolidated Partnerships The Organization holds investments in limited partnerships that are not consolidated as they are not controlled by the Organization (Note 7). The ownership interests range from 0.002% to 50% and accounted for under the equity method, since the Organization has significant influence over the major operating and financial policies of the limited partnerships. The Organization's cost is increased for its share of profits and contributions, and reduced by distributions and its share of losses. The Organization evaluates its investments in limited partnerships for impairment in value and records a write-down if it is determined that any impairment in value is other than temporary. No such write-downs have been recorded in the accompanying consolidated financial statements.

Deferred Costs Deferred costs consist of California Tax Credit Allocation Committee (TCAC) monitoring fees which are amortized over 10-15 years. Deferred costs are as follows:

As of December 31,	2020	2019
TCAC fees	\$ 146,714	\$ 130,861
Less: accumulated amortization	(57,726)	(61,616)
Deferred costs, net	\$ 88,988	\$ 69,245

Debt Issuance Costs Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is recorded using a method that approximates the effective interest method. Amortization of debt issuance costs is capitalized to construction in progress and development costs during development.

Functional Allocation of Expenses The cost of providing various programs and other activities of the Organization has been summarized by function and natural classification in the accompanying consolidated statements of functional expenses. Expenses that are directly attributable to a specific functional classification of LAFH are reported as expenses in those functional areas. Shared general and administrative expenses that benefit multiple functional areas are allocated among the various functions using a percentage method. The allocation methodology is periodically reviewed by management for relevancy and accuracy.

The functional classifications are defined as follows:

- Program service expenses consist of costs incurred in connection with providing services and conducting programs.
- Management and general expenses consist of costs incurred in connection with the overall activities of the Organization which are not allocable to another functional expense category.
- Fundraising expenses consist of costs incurred in connection with activities related to obtaining grants and community engagement and development activities designed to generate revenue.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Income Taxes The nonprofit entities consolidated in these consolidated financial statements have been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, these nonprofits do not have any income which they believe would subject it to unrelated business income taxes. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. With few exceptions, the nonprofit entities are no longer subject to income tax examinations by tax authorities for years before 2016. There are no current tax examinations pending.

No provision for income taxes has been made for the consolidated partnerships or the consolidated LLCs as any income or loss is included in the tax returns of the partners or members. The federal tax status as a pass-through entity is based on its legal status as a partnership or LLC. The partnerships and LLCs are required to file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Partnerships and LLCs have no other tax positions which must be considered for disclosure. The Partnerships and LLCs are required to pay an annual fee to the California Franchise Tax Board. With few exceptions, these Partnerships and LLCs are no longer subject to income tax examinations by tax authorities for years before 2016. There are no current tax examinations pending.

Concentrations of Business and Credit Risk LAFH, either as direct owner or general partner, has an economic interest in real estate projects (Projects). The Projects rent to residents of Los Angeles County with qualifying levels of income who live in the Los Angeles area and/or to people who receive public assistance. The Projects are subject to business risks associated with the economy and level of unemployment in California and available subsidies, which affect occupancy as well as the tenants' ability to make rental payments.

In addition, the Projects operate in a heavily regulated environment. The operations of the Projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, TCAC and HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Organization's cash and cash equivalents are maintained in various bank accounts. The Organization has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Organization believes that its credit risk is not significant.

The Organization receives a significant amount of revenue from government contracts, as well as from affordable housing projects in which it is the general partner. These sources of funds are dependent upon the availability of funds from federal programs, as well as the continued success of the rental properties.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

The Organization's investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the Organization's investment account balances and the amounts reported in the accompanying consolidated financial statements. The Organization does not believe there is a significant risk associated with its investment policy.

For the year ended December 31, 2020, the Organization had two government contracts which accounted for 61% and 21%, respectively, of its total public support and revenues. For the year ended December 31, 2019, the Organization had two government contracts and grants and one private grant which accounted for 58% and 20%, respectively, of its total public support and revenues.

Risks and Uncertainties Certain Organization's services are governed by grant agreements with governmental agencies. All such grant agreements, to which the Organization currently is a party-to-be, are for fixed terms and expire on an annual basis. There can be no assurances that the Organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the Organization's financial position and results of operations. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, civil penalties and could have an adverse effect on the Organization's financial position and operations.

Property Tax Exemption The Organization's property is generally exempt from real property taxes. In the event such exemption is not renewed annually or no longer available, the Organization's cash flow would be negatively impacted.

Property Management Agreements The Organization entered into property management fee agreements with an unrelated party for its various properties, including those held in controlled limited partnerships, as defined in the agreements.

Use of Estimates The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Fair Value Measurements The Organization accounts for its investments using fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value measurement hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

The Organization's management used the following methods and assumptions to estimate the fair value of their financial instruments:

- Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 includes listed equities held in the name of the Organization, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

New Accounting Standards In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09) providing new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organization adopted the new revenue recognition guidance as of January 1, 2020 using the modified retrospective method of transition for all contracts that were not completed as of that date. Adoption of the new revenue recognition guidance resulted in no significant changes in the way the Organization recognized revenue and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability, measured on a discounted basis, on the statement of financial position for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities and change in net assets (deficit). A modified retrospective transition approach is required for capital and operating leases existing at the date of adoption, with certain practical expedients available. The standard is effective for annual reporting periods beginning after December 15, 2020 and was subsequently amended with ASU 2020-05, *Revenue from Contracts with Customers and Leases: Effective Dates for Certain Entities*, allowing deferral to reporting periods beginning after December 15, 2021. The use of either the retrospective or cumulative effect transition method is permitted. The Organization is currently evaluating the impact the adoption of ASU 2016-02 on January 1, 2022 will have on its consolidated financial statements.

3. LIQUIDITY AND AVAILABILITY

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Financial assets available for general expenditure, that is, funds without donor restrictions or other restrictions limiting their use that will pay for operating expenses within one year of the consolidated statements of financial position date, comprise the following:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents, including restricted cash, tenant security deposits and restricted property reserves	\$ 14,182,029	\$ 8,299,627
Contributions receivable	770,438	1,624,338
Contracts receivable	13,314,720	7,494,524
Receivable – rental	166,908	51,654
Total financial assets	28,434,095	17,470,143
Less amounts not available to be used within one year:		
Restricted cash, property reserves and tenant security deposit	(6,690,676)	(4,817,347)
Financial assets with donor restrictions	(814,375)	(1,601,217)
Financial assets not available to be used within one year	(7,505,051)	(6,418,564)
 Financial assets available to meet general expenditures within one year	 \$ 20,929,044	 \$ 11,051,579

As part of liquidity management, the Organization designates operating surplus cash to an organizational cash reserve and also invests cash in excess of its operating requirements. Investment funds expected by management to be used in the acquisition and development of permanent housing have been classified as not available for general obligations within one year and are excluded from total financial assets. Although the Organization does not intend to spend from these accounts, these amounts could be made available if necessary. Restricted cash, although restricted for purpose, will be utilized to cover salaries and other operating costs as restrictions are met. Contributions receivable not available for general obligations have donor-imposed restrictions that will not be met within one year, or are not expected to be collected in 2021. In addition, the Organization maintains a line of credit for additional liquidity (Note 8).

The consolidated entities have been established to develop and operate affordable housing. As a result, the consolidated entities, have been structured in such a way to be self-sufficient regarding its liquidity needs. In the event of unplanned liquidity needs over and above that which is provided by their operations, they have access to cash reserves, reported as restricted cash, subject to lender and limited partner withdrawal approval. Included in financial assets available to meet general expenditures within one year are consolidated entities cash and cash equivalents which are available for general operations. In addition, in the normal course of business while under development, the consolidated entities rely on receiving funds from non-recourse permanent loan commitments and limited partner capital contributions. In the event the consolidated entities are unable to meet their liquidity needs, LAFH has provided limited guaranties to fund operating deficits. As of December 31, 2020, the Organization's management believes they have sufficient liquidity availability to meets it obligations for the coming year.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. INVESTMENTS

Investments in marketable securities are stated at fair value using Level 1 inputs.

A summary of investments is as follows at December 31:

	2020 Fair Value	2020 Cost	2019 Fair Value	2019 Cost
Fixed income – bonds and mutual funds	\$ 5,112,902	\$ 5,039,609	\$ 3,197,937	\$ 3,138,333
Equities	358,085	301,515	771,401	707,008
Short term investments	30,000	29,942	3,217,230	3,217,230
Cash and money market funds	1,413,782	1,413,782	137,146	137,146
Total	\$ 6,914,769	\$ 6,784,848	\$ 7,323,714	\$ 7,199,717

5. CONTRIBUTIONS AND CONTRACTS RECEIVABLE

At December 31, 2020 and 2019, the Organization had multi-year contributions receivable of \$770,438 and \$1,624,338, respectively, and contracts receivable from federal and county awards of \$13,314,720 and \$7,494,524, respectively, which are expected to be received within one year.

As of December 31, 2020, multi-year contributions receivable are scheduled to be collected as follows:

Year Ending December 31,	Amount
2021	\$ 665,938
2022	104,500
Total	\$ 770,438

6. NOTES RECEIVABLE – NEW MARKET TAX CREDITS PROGRAM

Development of the South Campus property was funded utilizing financing from the NMTC program. During 2015, the Organization issued a secured note receivable of \$7,998,600 maturing in 2049, due from Chase NMTC LAFH Phase I Investment Fund, LLC (Chase NMTC I), an unrelated entity. As a result, LCD New Markets Fund XIX, LLC (LCD XIX), an unrelated entity in which Chase NMTC I holds a 99.99% interest, loaned funds to Phase I, a consolidated entity. The note receivable requires interest only payments due annually for the first 7 years at 1%.

Development and construction of the North Campus property was funded utilizing financing from the NMTC program. During 2016, the Organization issued two secured notes receivable of \$2,100,000 maturing in 2023 and \$10,381,149 maturing in 2043, due from Chase NMTC LAFH Phase II Investment Fund, LLC (Chase NMTC II), an unrelated entity. As a result, LCD New Markets Fund XXI, LLC (LCD XXI), an unrelated entity in which Chase NMTC II holds a 99.99% interest, loaned funds to Phase II, a consolidated entity. The notes receivable require interest only payments due quarterly for the first 7 years at 1.215%.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. INVESTMENT IN UNCONSOLIDATED PARTNERSHIPS

LAFH and its affiliates hold investments in three joint ventures that are not consolidated. The joint ventures are California limited partnerships organized for the purpose of developing and operating low-income housing. As a general partner in the partnerships, the Organization is contingently liable for the obligations of the partnerships. Pursuant to the terms of the partnership agreements, the limited partners are responsible only for initial capital contributions. As a result, the Organization may be required to arrange for additional funds related to the development or operating needs of the entities. Both partnerships have properties under development. No contributions were required to be made during 2020 and 2019 and the Organization's investment in these limited partnerships is zero as of December 31, 2020 and 2019.

8. NOTES PAYABLE

As of December 31,	2020	2019
LAFH:		
Notes payable to Nonprofit Finance Fund (NFF), original borrowings up to \$2,100,000 (Note A) and \$6,250,000 (Note B), secured by the Hyde Park property, annual interest at 6.25%. Principal and interest payments of \$37,646, payable quarterly for Note A; interest only payments, payable quarterly for Note B. The outstanding balances are due April 15, 2023.	\$ 888,225	\$ 1,771,222
Note payable to Audrey and Sydney Irmas Charitable Foundation, unsecured, bearing no interest, due on demand.	26,000	26,000
Note payable to Mississippi Valley Company in the amount of \$1,000,000, by the Federal Home Loan Bank Affordable Housing Program (FHLB AHP) pursuant to the regulations governing the FHLB AHP, secured by a deed of trust bearing no interest, maturity date of March 2072, subject to acceleration and interest if the Project does not remain affordable within the AHP program regulations.	1,000,000	1,000,000
Note payable to City of Los Angeles of \$1,302,500, secured by a deed of trust, bearing no interest, repayable with services, as defined in the loan agreement, over a 16-year period commencing October 1, 2019 of every year following the calendar year after issuance of the project certificate of completion, due October 1, 2035. Eligible services include providing supportive housing for extremely low income or very low income individuals and families who are homeless or chronically homeless. The value of services performed annually is estimated to be \$81,400. For the year ended December 31, 2020, services were performed resulting in cancellation of debt of \$40,704. No services were performed resulting in cancellation of debt for the year ended December 31, 2019.	1,261,796	1,063,129

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Note payable to Northeast Valley Health Corporation, unsecured, maximum borrowings of \$750,000, maturity date of March 2035, payable in monthly installments of \$5,024; principal and interest accrues at 2.6%.	718,946	741,423
Comunidad Cesar Chavez:		
Triangle House:		
Note payable to Clearinghouse Community Development Financial Institution in the amount of \$145,000, interest at 6.5%. Principal and interest payments of \$1,089 are due monthly. Loan is secured by deed of trust. All unpaid principal and interest are due August 2038.	136,374	140,243
Chernow House:		
Note payable to the Los Angeles Housing Community Investment Department (HCIDLA, CRA/LA), secured by deed of trust on property, payable from residual receipts, as defined, simple interest rate of 3%, and all unpaid principal and interest were due November 2018. Management is in current negotiations with the City and believes the maturity date will be extended. Unpaid interest converts to principal annually.	860,034	834,985
Gentry Village:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, payable from residual receipts, as defined, simple interest rate of 3%, all unpaid principal and interest due June 2039.	457,113	457,113
Martin Luther King, Jr. (MLK):		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, payable from residual receipts, as defined, accrues at a simple interest rate of 3%, all unpaid principal and interest due June 2039 or upon sale, transfer, assignment, or refinancing of property.	772,060	772,060
Strong House:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, due July 2022; payable from residual receipts, as defined, accrues at a simple interest rate of 3%.	999,771	999,711
Casa Figueroa:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, due June 2039; payable from residual receipts, as defined, accrues at a simple interest rate of 3%.	289,044	289,044
Klump:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, due February 2058; payable from residual receipts, as defined, accrues at a simple interest rate of 3%.	875,000	875,000

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Note payable to HCIDLA, secured by a second deed of trust on the land and building; payable from available residual receipts, as defined, accrues at a simple interest of 5%; unpaid principal and interest due in March 2064.	159,425	159,425
Note payable to Corporation for Supportive Housing (CSH), unsecured, due July 1, 2020, accrued at a simple interest rate of 2.7%.	-	11,849
Hyde Park:		
Note payable to Clearinghouse CDFI, secured by deed of trust on property, maturing May 2038, payable in monthly installments of \$2,196 of principal and interest; interest accrues at 6.5%.	309,580	318,755
Delano I:		
Note payable to the HCIDLA, secured by deed of trust on property, due February 2025, bearing no interest, monthly principal payments of \$972.	47,513	59,180
Delano II:		
Note payable to the HCIDLA, secured by deed of trust on property, due January 2025, bearing no interest, monthly principal payments of \$972.	46,668	58,334
PHK:		
Three notes payable to City of Los Angeles, a municipal corporation in the amounts of \$16,500,000 (Note PHK HoJo), \$16,000,000 (Note PHK GNinn) and \$9,950,000 (Note PHK Pano), secured by deeds of trust on real property, bearing no interest. All principal due five (5) years from December 2020, unless payment is made in full on an earlier date.	42,450,000	-
Total notes payable – LAFH	51,297,549	9,577,473
Casa Central:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, due July 2039; payable from residual receipts, as defined, accrues at a simple interest rate of 3%.	843,746	843,746
Harmony Place:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, due November 2022; payable from residual receipts, as defined, accrues at a simple interest rate of 3%.	1,591,000	1,591,000

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Note payable to Manufacturers Bank, secured by deed of trust on property, maturing in September 2023; payable in monthly installments of principal and interest of \$4,866, interest rate of 6.63%.	104,000	149,053
Total notes payable – Harmony Place	1,695,000	1,740,053
Cochran Villa:		
Note payable to HCIDLA (CRA/LA), secured by deed of trust on property, interest payable from residual receipts, as defined, principal and unpaid interest due February 2048, accrues at a simple interest rate of 3%.	85,601	85,601
Note payable to the Century Housing Corporation, secured by deed of trust on property, interest payable from surplus cash, as defined, principal and unpaid interest due February 2022, accrues at a simple interest rate of 3%.	500,000	500,000
Note payable to the California Department of Housing and Community Development (HCD), secured by deed of trust on property, interest payable from surplus cash, as defined, principal and unpaid interest due February 2048, accrues at a simple interest rate of 3%.	538,538	538,538
Total notes payable – Cochran Villa	1,124,139	1,124,139
LAFH Phase I QALICB, Inc.:		
Two notes payable to LCD XIX in the amounts of \$7,998,600 (Note A) and \$3,521,400 (Note B), secured by deed of trust on real property, bearing interest of 1% per annum, annual interest only payments for 7 years on Notes A and B of \$79,998 and \$35,214, respectively, followed by annual principal and interest payments of \$339,505 and \$149,468, respectively, maturing in December 2049.	11,520,000	11,520,000
LAFH Phase II QALICB, Inc.:		
Three notes payable to LCD XXI in the amounts of \$2,100,000 (Note A), \$10,381,149 (Note B) and \$5,494,851 (Note C), secured by deeds of trust on real property, bearing interest of .845% per annum, quarterly interest only payments for 7 years on Notes A, B and C of \$17,745, \$87,721, and \$46,431, respectively. In April 2023, Note A balloons, and Notes B and C will require quarterly principal and interest payments of \$416,733 and \$220,581, respectively, maturing in December 2051.	17,976,000	17,976,000

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Vineland Place:		
Note payable to Berkadia Commercial Mortgage, secured by deed of trust on the property; original principal of \$250,000; interest at 5.71% through March 1, 2021; monthly payments of principal and interest of \$1,786 based on a 15 year amortization of the original note balance, adjusted thereafter on March 1, 2021; unpaid principal and interest due in March 2026.	85,427	98,997
Note payable to HCIDLA, secured by deed of trust on the property; accrues at a simple interest of 6% per annum; payable from available residual receipts, as defined; unpaid principal and interest due in February 2036.	900,000	900,000
Note payable to HCIDLA, secured by deed of trust on the property; accrues at a simple interest of 5% per annum; payable from available residual receipts, unpaid principal and interest due in April 2056.	330,440	330,440
Total notes payable – Vineland Place	1,315,867	1,329,437
Glenoaks Gardens (Palo Verde):		
Note payable to HCD, secured by deed of trust on real property and assignment of rents, in the original amount of \$5,582,916, with simple interest of 3% payable from residual receipts, unpaid principal and interest due in 55 years (November 2067); annual payments totaling \$23,448 (.42% of unpaid principal balance) are required for 30 years.	5,582,916	5,582,916
Note payable to California Housing Finance Agency (CalHFA) under the Mental Health Services Act (CalHFA-MHSA) Housing Program, secured by a deed of trust on Glenoaks Gardens, with maximum borrowings of \$4,500,000, with simple interest of 3% payable from residual receipts, all unpaid principal and interest and are due in 55 years (July 2065); annual MHSA Asset Management Fee totaling \$18,900 (.42% of unpaid principal balance).	4,308,523	4,308,523
Note payable to HCIDLA, secured by a deed of trust, with maximum borrowings of \$2,223,673, with simple interest of 3% payable from residual receipts, all unpaid principal and interest are due July 2065.	2,111,903	2,111,903

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Note payable to TCAC under the American and Reinvestment Act of 2009 through the Tax Credit Assistance Program (TCAC-TCAP), secured by a deed of trust, Assignment of Rents and Security Agreement and Fixture Filing on Glenoaks Gardens, with maximum borrowings of \$5,137,130, bearing no interest, non-amortizing with principal due August 2065.	5,137,130	5,137,130
Total notes payable – Glenoaks Gardens	17,140,472	17,140,472
Alabama Court:		
Note payable to the Bank of America Community Development Bank (BACDB 1), secured by deed of trust; interest at the bank's reference rate plus 1% (4.42% at December 31, 2018), maximum borrowing up to \$370,000, interest and principal payable in monthly installments of \$2,405, and unpaid principal and interest due March 2027.	144,195	163,501
Note payable to HCIDLA, available borrowings up to \$834,500, secured by a second trust deed, non-interest bearing, principal payable annually starting April 1998 from available residual receipts, and due July 2025.	720,892	725,680
Note payable to HCIDLA, available borrowings up to \$635,500, secured by a third trust deed, non-interest bearing, principal payable annually starting April 1998 from available residual receipts, and due July 2025.	548,459	552,101
Note payable to Bank of America Community Development Bank (BACDB 2), secured by a deed of trust, non-interest bearing, principal due September 2050.	102,500	102,500
Total notes payable – Alabama Court	1,516,046	1,543,782
Vanowen Gardens:		
Note payable to HCIDLA, maximum borrowings up to \$880,000, secured by deed of trust, with simple interest of 5%, principal and interest payable annually from available residual receipts, unpaid principal and interest due on August 22, 2036.	876,369	876,369
Harmony Gardens:		
Note payable to HCIDLA, maximum borrowings up to \$837,944, secured by deed of trust, with simple interest of 5%, principal and interest payable annually from available residual receipts, unpaid principal and interest due on August 26, 2036.	837,018	837,018
Victory (Offsay Steinhauser):		
Note payable to First Republic Bank, secured by deed of trust, non-interest bearing, principal due December 2040.	65,483	65,483

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Notes payable to the HCIDLA, secured by deed of trust, with simple interest at 6%, interest payable annually from residual receipts, unpaid principal and interest due November 2040.	764,362	764,362
Total notes payable – Victory	829,845	829,845
The Angel 2018, L.P. (My Angel):		
Note payable to Enterprise Community Loan Fund for predevelopment expenses, unsecured, due the earlier of closing of construction financing or March 31, 2022, accrues at a simple interest rate of 6.25%.	585,819	387,308
Emerald:		
Note payable to CSH for predevelopment expenses, unsecured, due September 17, 2023, accrues at a simple interest rate of 6%.	2,014,872	-
Saticoy:		
Amortizing note payable to JP Morgan, secured by deed of trust on real property, bearing interest of 5.6% per annum, principal and interest due January 2037.	799,491	829,430
Three non-amortizing notes payable to various lenders, secured by deeds of trust on real property, interest ranging from zero to 3% per annum, payable based on residual receipts, as defined, until all amounts have been paid in full, maturity dates ranging from February 2022 to December 2061.	3,506,516	3,506,516
Total notes payable Saticoy	4,306,007	4,335,946
Controlled Limited Partnerships:		
Day Street (The Louis):		
Five non-amortizing notes payable to various lenders, secured by deeds of trust on real property, interest ranging from zero to 5% per annum, payable based on residual receipts, until all amounts have been paid in full, maturity dates ranging from September 2067 to May 2070.	5,976,440	5,976,440
Residences on Main:		
Construction note to Chase Bank, pursuant to the construction loan agreement with maximum borrowings of \$16,680,000, secured by a deed of trust, assignment of leases, security agreement and fixture filing, variable interest equal to the annual LIBOR plus 125 basis point, interest only payable monthly to be converted to a permanent loan with principal and unpaid interest all due upon the permanent loan conversion date, which is 27 months from the closing of the construction loan. The loan will be converted to an amortizing permanent loan in an amount not to exceed \$1,956,500 (Permanent Loan), that will mature 18.2 years from the construction loan closing.	10,325,690	221,996

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

As of December 31,	2020	2019
Four non-amortizing notes payable to various lenders, secured by deeds of trust on real property, interest ranging from zero to 3% per annum, payable based on residual receipts, as defined, until all amounts have been paid in full, maturity dates ranging from March 2076 to April 2073.	10,992,676	7,269,094
PSH Campus (Fiesta):		
Four non-amortizing notes payable to various lenders, secured by deeds of trust on real property, interest ranging from zero to 5% per annum, payable based on residual receipts, as defined, until all amounts have been paid in full, maturity dates ranging from December 2071 to April 2073.	6,428,480	6,428,480
Sylmar II (Silva Crossing):		
Construction note to Pacific West Bank, for maximum borrowings of \$16,200,000. Under the terms of the agreement, the Construction Loan bears interest at a rate of 3.5% until February 1, 2023 and 3.85% after February 1, 2023. Monthly interest only payments are due and payable on the first business day of each month. Principal shall be paid in part on the conversion date, and thereafter on the first day of the month. The loan is secured by a deed of trust on the Project.	2,366,341	-
Note payable to Los Angeles County Development Authority through the No Place Like Home program funds, in the amount of \$5,940,000 (the LACDA NPLH Loan"). The loan bears no interest and is secured by deed of trust on the Project and matures fifty-seven years from the date of execution of the Note.	3,346,000	-
Total notes payable – Controlled Limited Partnerships	39,435,627	19,896,010
Total notes payable	153,314,376	89,957,598
Less: current portion	(11,646,831)	(1,170,371)
Less: unamortized debt issuance costs	(1,890,129)	(1,561,152)
	\$ 139,777,416	\$ 87,226,075

The aggregate amounts of principal maturities for outstanding borrowings as of December 31, 2020 are:

Year Ending December 31,	Amortizing	Non-Amortizing	Total
2021	\$ 461,107	\$ 11,185,724	\$ 11,646,831
2022	358,386	3,676,590	4,034,976
2023	337,836	6,854,987	7,192,823
2024	293,350	882,270	1,175,620
2025	276,956	2,159,673	2,436,629
Thereafter	29,056,238	97,771,259	126,827,497
Total	\$ 30,783,873	\$ 122,530,503	\$ 153,314,376

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Included in current maturities as of December 31, 2020 and 2019 is predevelopment and construction debt totaling \$10,325,690 and \$0, respectively, that has committed sources of repayment including proceeds from permanent long-term debt and or limited partner investor equity.

Lines of Credit LAFH entered into a line-of-credit with Century Housing, original borrowings up to \$500,000, interest payable monthly on outstanding balance annually at 6%. The outstanding balance was due May 18, 2019, extended to May 18, 2020, and was not renewed. The line of credit had no outstanding balance as of December 31, 2020 and 2019.

During 2019, LAFH obtained a \$6,000,000 line of credit with UBS Bank, secured by accounts receivable and all other personal property, adjustable interest at the bank's base rate. The line of credit expired in 2020 and was not renewed. The line of credit had no outstanding balance as of December 31, 2019.

During 2020, LAFH obtained a \$1,400,000 line of credit with Raymond James, secured by accounts receivable and all other personal property, adjustable interest at the bank's base rate. The line of credit was subsequently increased to \$4,700,000 in 2021. The line of credit had no outstanding balance as of December 31, 2020.

Accrued Interest An analysis of accrued interest for 2020 on the notes payable by project is as follows:

	Accrued Interest 1/1/20	Interest Expense	Interest Capitalized	Interest Paid/ Transfers	Accrued Interest 12/31/20
Amortizing Principal Loans					
LAFH NFF	\$ -	\$ 101,435	\$ -	\$ (101,435)	\$ -
Hyde Park	-	20,365	-	(20,365)	-
Harmony Place	441	8,749	-	(8,749)	441
NECHC	-	14,159	-	(14,159)	-
Phase I	-	115,200	-	(115,200)	-
Phase II	-	151,897	-	(151,897)	-
Triangle	-	9,201	-	(9,201)	-
Vineland Place	2,686	5,302	-	(5,302)	2,686
Alabama Court	2,248	6,839	-	(6,839)	2,248
Angel 2018, L.P.	-	-	30,689	(30,689)	-
Saticoy	4,149	45,841	-	(45,841)	4,149
Emerald	-	-	34,872	(34,872)	-
Controlled Limited Partnerships	-	12,720	82,909	(88,497)	7,132
	9,524	491,708	148,470	(633,046)	16,656

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

	Accrued Interest 1/1/20	Interest Expense	Interest Capitalized	Interest Paid/ Transfers	Accrued Interest 12/31/20
Residual Receipts Loans					
Comunidad Cesar Chavez	\$ 25,048	\$ 25,048	\$ -	\$ (25,048)	\$ 25,048
Gentry Village	248,444	8,640	-	-	257,084
MLK	235,314	9,651	-	-	244,965
Strong House	818,067	21,351	-	-	839,418
Casa Figueroa	167,991	19,012	-	-	187,003
Klump	492,585	34,221	-	-	526,806
Casa Central	265,884	-	-	-	265,884
Harmony Place	1,353,595	39,775	-	-	1,393,370
Cochran Villa	937,151	33,724	-	-	970,875
Century Housing	2,154	-	-	-	2,154
Vineland Place	1,451,504	70,522	-	-	1,522,026
Glenoaks Gardens	2,237,407	360,100	-	(132,358)	2,465,149
Vanowen Gardens	992,084	43,758	-	-	1,035,842
Harmony Gardens	875,415	41,856	-	-	917,271
Victory	836,275	45,864	-	(28,821)	853,318
Saticoy	471,386	42,171	-	-	513,557
Controlled Limited Partnerships	2,259,108	409,758	461,054	(254,058)	2,875,862
	13,669,412	1,205,451	461,054	(440,285)	14,895,632
	\$13,678,936	\$ 1,697,159	\$ 609,524	\$ (1,073,331)	\$14,912,288
Amortization of debt issuance costs		57,134			
Total		\$ 1,754,293			

An analysis of accrued interest for 2019 on the notes payable by project is as follows:

	Accrued Interest 1/1/19	Interest Expense	Interest Capitalized	Interest Paid/ Transfers	Accrued Interest 12/31/19
Amortizing Principal Loans					
LAFH NFF	\$ -	\$ 201,181	\$ -	\$ (201,181)	\$ -
Comunidad Cesar Chavez	-	770	-	(770)	-
Gentry North	-	-	-	-	-
Klump	-	1,208	-	(1,208)	-
Hyde Park	1,219	23,877	-	(25,096)	-
Harmony Place	441	12,707	-	(12,707)	441
Phase I	-	115,200	-	(115,200)	-
Phase II	-	91,887	60,010	(151,897)	-
Vineland Place	2,686	6,048	-	(6,048)	2,686
Alabama Court	2,248	7,672	-	(7,672)	2,248
Angel 2018, L.P.	-	-	11,553	(11,553)	-
Controlled Limited Partnerships	9,569	47,468	51,248	(104,136)	4,149
	16,163	508,018	122,811	(637,468)	9,524

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

	Accrued Interest 1/1/19	Interest Expense	Interest Capitalized	Interest Paid/ Transfers	Accrued Interest 12/31/19
Residual Receipts Loans					
Comunidad Cesar Chavez	\$ 24,466	\$ 25,048	\$ -	\$ (24,466)	\$ 25,048
Gentry Village	234,731	13,713	-	-	248,444
MLK	212,152	23,162	-	-	235,314
Strong House	788,076	29,991	-	-	818,067
Casa Figueroa	167,991	-	-	-	167,991
Klump	458,364	43,501	-	(7,126)	494,739
Casa Central	240,572	25,312	-	-	265,884
Harmony Place	1,305,865	47,730	-	-	1,353,595
Cochran Villa	903,427	33,724	-	-	937,151
Century Housing	1,077	11,223	-	(12,300)	-
Vineland Place	1,386,435	70,522	-	(5,453)	1,451,504
Glenoaks Gardens	2,013,623	369,198	-	(145,414)	2,237,407
Vanowen Gardens	951,459	43,824	-	(3,199)	992,084
Harmony Gardens	837,629	41,856	-	(4,070)	875,415
Victory	790,411	45,864	-	-	836,275
Controlled Limited Partnerships	2,410,190	470,636	108,164	(258,496)	2,730,494
	12,726,468	1,295,304	108,164	(460,524)	13,669,412
	<u>\$12,742,631</u>	<u>1,803,322</u>	<u>\$ 230,975</u>	<u>\$ (1,097,992)</u>	<u>\$13,678,936</u>
Amortization of debt issuance costs		48,518			
Total		<u>\$1,851,840</u>			

9. RELATED PARTY TRANSACTIONS

Note Payable One member of the board of directors of the Organization also serves as a trustee of the Sydney and Audrey Irmas Charitable Foundation, which holds a promissory note totaling \$26,000 (Note 8) as of December 31, 2020 and 2019.

Contributions In 2014, LAFH launched the capital campaign for the South and North Campus and secured multi-year pledges from members of the board of directors. Each pledge is memorialized in a Gift Agreement signed by the donor and outlines payment plans during the 4-5 year terms of the pledge. Payments by board members against total Campus campaign pledges in 2020 and 2019 were \$504,250 and \$522,665, respectively, leaving a balance of \$515,000 and \$1,019,250 as of December 31, 2020 and 2019.

Partnership and Development Fees The Organization charges partnership and development fees to its affiliated organizations and controlled limited partnerships, which are eliminated in consolidation.

Reciprocal Easement Agreement The Fiesta and Phase II entered into a Reciprocal Easement Agreement (REA) in connection with a shared subterranean garage located at North Campus. The REA establishes certain covenants, conditions and use restrictions with respect to the parking, residential and commercial parcels.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. COMMITMENTS AND CONTINGENCIES

Operating Leases The Organization leases office space and equipment under non-cancelable operating lease agreements that expire through 2025. Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2021	\$ 610,395
2022	406,118
2023	369,646
2024	358,093
2025	359,320
Total	\$ 2,103,572

In addition, the Organization is obligated under ground leases for the following properties to HCIDLA (CRA/LA):

- MLK – initial term of 50 years expiring in 2040 with a 49-year option to renew.
- Strong House – initial term of 55 years expiring in 2045 with a 44-year option to renew.
- Gentry Village – term of 30 years expiring in 2019.
- Harmony Gardens – initial term of 55 years expiring in 2051 with a 44-year option to renew.

Lease payments for the MLK, Strong House and Gentry Village facilities are to equal 50% of net cash flows from operations of the facilities, as defined. Lease payment for the Harmony Gardens facility is to equal 10% of net cash flows from operations of the facility, as defined. For the years ended December 31, 2020 and 2019, the properties did not generate net cash flow and accordingly, there was no ground lease expense. As of December 31, 2020, the Organization did not have any future long-term minimum non-cancellable lease commitments related to these leased properties.

Lease expense for operating leases was \$628,135 and \$517,104 for the years ended December 31, 2020 and 2019, respectively, and is included in rent expense in the accompanying consolidated statements of functional expenses.

Guarantees The Organization has entered into various agreements with certain limited partnerships or their affiliated general partners whereby the Organization guarantees to loan funds to the partnerships in the event that the partnerships incur operating deficits, as defined in the respective partnership agreements, or fail to meet their current financial obligations. These agreements expire at various times from 2018 through the terms of the underlying partnership or debt agreements. Loans made pursuant to these guarantees are generally interest-free and unsecured. The maximum potential amount of future payments under these guarantees is equal to the amount guaranteed to the partnerships under the tax indemnification agreements discussed below.

The Organization entered into various agreements with certain limited partnerships and LLCs or their affiliated general partners or members whereby the Organization offers tax indemnification in the event of low-income housing tax credit recapture. The Organization's potential liability under these agreements is dependent upon IRS audits and final letters of determination of the limited partnership's qualified basis in tax credit properties. Similarly, the Organization has entered into agreements with state and local governments who have provided loans to certain limited partnerships for the development of affordable housing whereby the Organization has guaranteed any recapture of the

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

loans resulting from non-compliance with affordable housing requirements. Management is not aware of any known liability for tax credit or loan recapture.

As part of the financing arrangements with the LCD Investment Funds and the investor member, LAFH and Phase I and Phase II have provided certain guarantees regarding loan repayment, construction completion, and environmental indemnification, as defined in the respective financing agreements, including tax credit guarantees against the recapture of the NMTC arising from failure to comply with the Internal Revenue Code and Treasury regulations related to the NMTC program. The tax credit recapture guarantee is up to the full amount of any recapture and/or lost credits, including penalties.

The Organization is a party in note agreements between the City of Los Angeles and Saticoy Partners in which the Organization is a conduit for proceeds directly loaned to Saticoy Partners in the amount of \$2,003,000 (City Loan), to support the acquisition, predevelopment, construction and permanent costs of Saticoy Partners. The City Loan is secured by the Saticoy Partners' assets; however, the Organization remains obligated to repay the debt in the event Saticoy Partners is unable to meet its obligation. As of December 31, 2020, there was no default related to this loan. The City Loan is due December 2043.

The Organization is a party in note agreements between the Mississippi Valley Company and The Fiesta in which the Organization is a conduit for proceeds directly loaned to The Fiesta in the amount of \$1,000,000 (AHP Loan), to support the acquisition, predevelopment, construction and permanent costs of The Fiesta. The AHP Loan is secured by The Fiesta's assets; however, the Organization remains obligated to repay the debt in the event The Fiesta is unable to meet its obligation. As of December 31, 2020, there was no default related to this loan. The AHP Loan is due January 2072.

Bridge Housing LAFH partnered with LA County (County), Los Angeles Homeless Services Authority (LAHSA), and Brilliant Corners (Grantor) to provide a program model for bridge housing for two properties, the Women's Sylmar Bridge Housing (The Arroyo), owned by LAHSA, and the Canoga Bridge Housing (The Willows) owned by the County. LAFH's role is to oversee the construction and rehabilitation of the facilities and to provide the onsite social services for the facility once placed in service. In connection with the construction and rehabilitation oversight, LAFH received payment of \$427,000 and \$398,000 for The Arroyo and The Willows, respectively, for the year ended December 31, 2020 as a developer fee for LAFH staff costs and project administration costs. In addition, LAFH entered into a separate lease with LAHSA for The Arroyo whereby LAFH is responsible for the payment of utilities, property taxes and insurance upon completion of the rehabilitation (November 2020). LAHSA and LA County will own the improvements of The Arroyo and The Willows properties, respectively. The funding for the rehabilitation of the facilities is provided through a direct funding agreement between LAFH and the Grantor with the authorization of the County in the amounts of \$7,205,243 and \$7,532,346 for The Arroyo and The Willows, respectively. Both the Grantor and LA County must approve all costs prior to disbursing funds to LAFH who is obligated to pay the general contractor under a separate agreement. Cost overruns are the obligation of LAFH. Included in other current assets at December 31, 2020 and 2019 is \$3,889,772 and \$1,618,996, respectively, of costs incurred in excess of amounts billed to the Grantor for reimbursement. Included in accounts payable and accrued expenses at December 31, 2020 and 2019 are \$3,661,568 and \$1,536,471, respectively, in general contractor costs LAFH is obligated to pay, and will be reimbursed by the grantor.

Litigation The Organization is subject to lawsuits and claims that arise out of the normal course of its activities. Management believes the disposition of any and all such actions of which it is aware will not

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

have a material effect on the Organization's financial position or changes in the net assets of the Organization except as disclosed below.

On February 4, 2020, a Plaintiff filed a complaint against the Organization alleging nine causes of action under various labor codes. On July 17, 2020, Plaintiff filed a First Amended Complaint ("FAC") adding a tenth cause of cause of action. On February 25, 2020, a second Plaintiff filed a complaint under various labor codes. On October 28, 2020, a third Plaintiff filed a complaint under various labor codes. On April 27, 2021, Plaintiffs filed a Second Amended Complaint consolidating the Matters into a class action complaint.

The parties mediated the case on February 9, 2021. As a result of the mediation, the parties agreed to settle the lawsuit. The Class Period is the period from February 4, 2016 through June 9, 2021. After engaging in substantial investigation and extensive negotiations with the assistance of a respected third-party neutral, the parties have agreed to settle all claims alleged in the lawsuit on a class-wide non-reversionary basis for \$1,000,000, inclusive of all fees and costs. The ultimate resolution of the matter, which is expected to occur within one year, could result in a loss of up to \$1 million which has been accrued as of December 31, 2020 and is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position. A hearing for the final approval of a preliminary settlement is scheduled on November 1, 2021.

Effects of the COVID-19 Outbreak During 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. To date, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities to mitigate the spread of the virus, which have adversely impacted global commercial activity and have contributed to significant volatility in financial markets. The majority of the Organization's employees have been classified as essential workers and have experienced little impact related to COVID-19. The Organization's management continues to gather information in response to the COVID-19 pandemic and the possible impact to the Organization's cash flow. Management is adjusting its operations accordingly and will continue to assess and monitor the situation as it evolves. Although the Organization has received financial support, the ultimate impact to the financial condition, results of operations and cash flows of the Organization is unknown.

Paycheck Protection Program In April 2020, the Organization entered into a promissory note agreement with Newtek Small Business Finance, LLC in connection with the Paycheck Protection Program (PPP) set forth in Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act in the amount of \$3,594,200. Under the PPP, certain amounts may be forgiven by the lender under the direction of the administrator of the Small Business Administration so long as the requirements of the PPP for forgiveness are satisfied. Until an amount is forgiven, the principal amount owed is as set forth above and interest accrues thereon. LAFH applied for forgiveness in July 2021. Principal and interest payments will be required for any remaining balance, plus accrued interest of 1% beginning on January 1, 2022 through December 2024.

11. RETIREMENT PLAN

The Organization participates in a 403(b) plan (the Plan) which covers employees meeting certain qualifications. Under the terms of the Plan, employees are allowed to contribute up to the maximum allowed. The Organization may make discretionary contributions to the Plan based on a percentage of the eligible employees' salaries. Effective 2017, the Organization makes up to a 1% match contribution

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

to qualified employees. The Organization made \$74,272 and \$31,586 in contributions to the Plan for the years ended December 31, 2020 and 2019, respectively.

12. NET ASSETS

Consolidated Net Assets The following is a summary of consolidated net asset balances of the Organization as of December 31, 2020 and 2019:

	Without Donor Restriction		With Donor Restriction	Total
	Controlling	Noncontrolling		
Net assets, January 1, 2020	\$ 11,151,950	\$ 16,387,455	\$ 1,601,217	\$ 29,140,622
Change in net assets (deficit)	877,647	(1,345,017)	58,487	(408,883)
Transfer of net assets	(626,734)	626,734	-	-
Released from restrictions	845,329	-	(845,329)	-
Contributions	-	750,000	-	750,000
Syndication costs	-	(50,000)	-	(50,000)
Net assets, December 31, 2020	\$ 12,248,192	\$ 16,369,172	\$ 814,375	\$ 29,431,739

	Without Donor Restriction		With Donor Restriction	Total
	Controlling	Noncontrolling		
Net assets, January 1, 2019	\$ 9,958,998	\$ 6,973,253	\$ 3,212,260	\$ 20,144,511
Change in net assets (deficit)	(806,841)	(1,503,051)	388,750	(1,921,142)
Released from restrictions	1,999,793	-	(1,999,793)	11,002,253
Contributions	-	11,002,253	-	-
Syndication costs	-	(85,000)	-	(85,000)
Net assets, December 31, 2019	\$ 11,151,950	\$ 16,387,455	\$ 1,601,217	\$ 29,140,622

Net Assets with Donor Restrictions The net assets with donor restrictions consist of the following:

	Balance at 1/1/20	Contributions	Released from Restrictions	Balance 12/31/20
Subject to passage of time				
Campus	\$ 1,576,217	\$ 58,487	\$ (820,329)	\$ 814,375
Subject to expenditure for special use				
Homeless Services	25,000	-	(25,000)	-
Total	\$ 1,601,217	\$ 58,487	\$ (845,329)	\$ 814,375

	Balance at 1/1/19	Contributions	Released from Restrictions	Balance 12/31/2019
Subject to passage of time				
Campus	\$ 3,124,760	\$ 363,750	\$ (1,912,293)	\$ 1,576,217
Subject to expenditure for special use				
Homeless Services	87,500	25,000	(87,500)	25,000
Total	\$ 3,212,260	\$ 388,750	\$ (1,999,793)	\$ 1,601,217

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. COMMERCIAL RENTAL REVENUE

Master Leases LAFH subleases space from related parties under master lease agreements. The rental revenue and expense associated with the master office leases have been eliminated in consolidation. As discussed in Note 1, Phase II entered into an agreement with NEVHC to lease the Clinic. The lease commences on the 1st day of the month following the date of completion (December 2019). The initial term expires December 2035, renews automatically every year thereafter and may be terminated by either party after the initial term as defined in the MOU. The base rent is \$14,806 per month, increasing annually by 1.36% starting April 1, 2022 and also requires payment of additional rent as defined in the agreement.

Rents are recognized on the straight-line method over the term of the lease in accordance with U.S. GAAP. The future minimum annual rental revenue payments to be received over the remaining term of the lease as of December 31, 2020 are as follows:

Years Ending December 31,	Rental Revenue	Rental Payments	Change in Deferred Rent
2021	\$ 195,741	\$ 177,677	\$ 18,064
2022	195,741	180,093	15,648
2023	195,741	186,577	9,164
2024	195,741	189,114	6,627
2025	195,741	191,043	4,698
Thereafter	1,761,674	1,878,359	(116,685)
Total rental revenue	\$ 2,740,379	\$ 2,802,863	\$ (62,484)

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events that have occurred through the independent auditor's report date, which is the date that the consolidated financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements, except as disclosed in Note 1, Note 10 and below.

- In April 2021, 21300 Devonshire GP LLC, a single member LLC, and 21300 Devonshire, L.P. were formed to construct and operate affordable housing for low-income people in Los Angeles, California.
- In April 2021 18722 Sherman Way GP, LLC, a single member LLC, and 18722 Sherman Way, L.P. were formed to construct and operate affordable housing for low-income people in Los Angeles, California.

SUPPLEMENTARY INFORMATION

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

	L.A. Family Housing Corporation									
	LAFH	Gentry Village	Martin Luther King, Jr.	Strong House	Gentry North	Casa Figueroa	Hyde Park	Klump	Delano I	Delano II
Assets										
Current assets										
Cash and cash equivalents	\$ 5,648,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,774	\$ -	\$ 100	\$ 100
Contributions receivable	665,938	-	-	-	-	-	-	-	-	-
Contracts receivable	13,314,720	-	-	-	-	-	-	-	-	-
Other current assets	3,889,772	-	-	-	-	-	-	-	-	-
Receivables - rental	90,012	6,035	9,730	2,116	6,634	18,246	46,789	27,887	10,800	11,059
Prepaid expenses and other assets	184,358	-	-	-	-	-	-	-	-	-
Tenant security deposits and client trust accounts	53,623	2,814	6,032	7,578	8,032	6,192	12,987	20,950	15,227	9,025
Total current assets	23,847,176	8,849	15,762	9,694	14,666	24,438	97,550	48,837	26,127	20,184
Restricted property reserves	-	18,911	28,692	86,783	-	89,307	-	50,480	-	-
Restricted cash, net of current portion	27,672	-	-	-	-	-	-	-	-	-
Property, at cost										
Land	16,187,175	-	-	-	150,394	59,663	49,500	115,250	65,000	65,000
Buildings and building improvements	31,907,532	282,398	720,514	1,099,933	347,502	317,030	387,422	1,963,424	397,550	368,597
Furniture and equipment	2,005,400	7,196	10,191	4,835	9,344	4,134	56,353	7,526	3,760	3,706
Automobiles	469,561	-	-	-	-	-	-	-	-	-
Construction in progress and development costs (Note 10)	279,652	-	-	-	-	-	-	-	-	-
Total property, at cost	50,849,320	289,594	730,705	1,104,768	507,240	380,827	493,275	2,086,200	466,310	437,303
Less: accumulated depreciation	(2,689,253)	(249,349)	(584,658)	(835,280)	(286,660)	(269,350)	(211,504)	(453,632)	(253,152)	(219,883)
Property, net	48,160,067	40,245	146,047	269,488	220,580	111,477	281,771	1,632,568	213,158	217,420
Notes receivable	25,116,475	-	-	-	-	-	-	-	-	-
Accrued interest receivable	290,875	-	-	-	-	-	-	-	-	-
Investments	6,914,769	-	-	-	-	-	-	-	-	-
Contributions receivable, net of current portion	104,500	-	-	-	-	-	-	-	-	-
Due from affiliates	5,461,749	-	-	-	-	-	-	-	-	-
Total assets	\$ 109,923,283	\$ 68,005	\$ 190,501	\$ 365,965	\$ 235,246	\$ 225,222	\$ 379,321	\$ 1,731,885	\$ 239,285	\$ 237,604

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

	L.A. Family Housing Corporation									
	LAFH	Gentry Village	Martin Luther King, Jr.	Strong House	Gentry North	Casa Figueroa	Hyde Park	Klump	Delano I	Delano II
Liabilities and Net Assets (Deficit)										
Current liabilities										
Accounts payable and accrued expenses	\$ 6,908,554	\$ 17,897	\$ 17,849	\$ 17,524	\$ 8,047	\$ 7,764	\$ 90,629	\$ 28,484	\$ 16,400	\$ 24,465
Accrued payroll	1,924,089	-	-	-	-	-	-	-	-	-
Current portion of notes payable	1,050,938	-	-	-	-	-	8,653	-	11,667	11,667
Deferred revenues	9,878,572	-	-	-	-	-	-	-	-	-
Tenant deposit liabilities	18,164	2,814	6,032	9,067	6,232	4,558	23,706	16,742	14,418	7,755
Paycheck Protection Program loan	3,594,200	-	-	-	-	-	-	-	-	-
Deferred rent liability	2,083,436	-	-	1,588	5,005	-	1,275	130	764	258
Due to/from affiliates	(1,082,407)	72,295	157,964	78,503	230,153	106,467	(433,875)	1,175,917	61,137	(61,184)
Deficiency in partnership investments	1,106,142	-	-	-	-	-	-	-	-	-
Total current liabilities	25,481,688	93,006	181,845	106,682	249,437	118,789	(309,612)	1,221,273	104,386	(17,039)
Notes payable secured by real estate, net of unamortized debt issuance costs	48,196,736	457,113	772,060	999,711	-	289,044	300,927	1,034,425	35,846	35,001
Accrued interest payable	25,048	257,084	244,965	839,418	-	187,003	2,297	526,806	-	-
Total liabilities	73,703,472	807,203	1,198,870	1,945,811	249,437	594,836	(6,388)	2,782,504	140,232	17,962
Total net assets (deficit)	36,219,811	(739,198)	(1,008,369)	(1,579,846)	(14,191)	(369,614)	385,709	(1,050,619)	99,053	219,642
Total liabilities and net assets (deficit)	\$ 109,923,283	\$ 68,005	\$ 190,501	\$ 365,965	\$ 235,246	\$ 225,222	\$ 379,321	\$ 1,731,885	\$ 239,285	\$ 237,604

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

	Incorporated Affiliated Organizations					LAFH, LLC										Consolidated		
	Casa Central	Cochran Villa	Harmony Place	Phase I	Phase II	Glenoaks Gardens	Vineland Place	Alabama Court	Harmony Gardens	Vanowen Gardens	Victory Partners	My Angel	Saticoy	Emerald	Controlled Limited Partnerships	Total Before Eliminations	Eliminations	Adjusted Consolidated Total
Assets																		
Current assets																		
Cash and cash equivalents	\$ 12,943	\$ 1,474	\$ -	\$ 11,632	\$ 83,817	\$ 293,334	\$ 10,698	\$ 129,346	\$ 25,945	\$ 15,300	\$ 1,664	\$ 32,565	\$ 9,255	\$ 300,697	\$ 716,621	\$ 7,332,018	\$ -	\$ 7,332,018
Contributions receivable due within one year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	665,938	-	665,938
Contracts receivable due within one year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,314,720	-	13,314,720
Receivables - rental	(8,872)	2,431	(1,003)	-	-	2,083	10,237	26,929	6,629	13,788	11,961	-	7,183	-	23,182	323,856	(156,948)	166,908
Prepaid expenses and other assets	-	588	-	-	-	3,259	2,937	2,276	802	3,073	2,757	-	8,513	-	2,972	211,535	-	211,535
Current portion of restricted cash trust accounts	-	-	-	64,586	94,749	-	-	-	-	-	-	-	-	-	-	159,335	-	159,335
Other current assets	-	11,521	-	-	-	55,322	17,229	40,734	12,089	14,836	15,538	-	34,249	-	79,163	423,141	-	423,141
Restricted property reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,889,772	-	3,889,772
Restricted cash, net of current portion	-	144,679	-	-	-	978,484	215,261	497,374	174,759	109,502	74,114	-	287,230	-	964,443	3,720,019	-	3,720,019
Deferred rent receivable	-	-	-	128,141	201,872	-	-	8,706	-	-	-	-	-	-	2,181,125	2,547,516	-	2,547,516
	-	-	-	1,408,705	743,235	-	-	-	-	-	-	-	-	-	-	2,151,940	(2,089,456)	62,484
Property, at cost																		
Land	101,202	208,573	600,000	510,000	1,416,934	3,345,398	280,291	349,323	-	236,775	263,040	1,675,000	544,737	1,680,000	9,239,020	37,142,275	-	37,142,275
Buildings and building improvements	421,402	907,452	1,797,402	7,417,083	16,191,751	12,642,196	2,430,753	3,652,232	2,024,085	2,056,295	2,501,995	-	6,188,005	-	52,152,720	148,175,273	(4,097,631)	144,077,642
Furniture and equipment	38,112	3,185	37,221	64,239	34,884	313,779	18,728	168,482	62,820	78,269	68,726	-	30,137	-	992,618	4,023,645	-	4,023,645
Automobiles	-	7,836	-	-	-	-	17,400	17,400	17,400	17,400	16,900	-	-	-	-	563,897	-	563,897
Construction in progress and development costs (Note 10)	-	-	-	-	-	-	-	-	-	-	-	994,134	-	259,969	3,688,545	5,222,300	(175,875)	5,046,425
Total property, at cost	560,716	1,127,046	2,434,623	7,991,322	17,643,569	16,301,373	2,747,172	4,187,437	2,104,305	2,388,739	2,850,661	2,669,134	6,762,879	1,939,969	66,072,903	195,127,390	(4,273,506)	190,853,884
Less: accumulated depreciation	(392,892)	(717,186)	(1,264,657)	(850,741)	(674,547)	(3,262,546)	(1,561,425)	(2,472,073)	(1,303,758)	(1,333,767)	(1,335,485)	-	(2,653,319)	-	(3,717,163)	(27,592,280)	804,751	(26,787,529)
Property, net	167,824	409,860	1,169,966	7,140,581	16,969,022	13,038,827	1,185,747	1,715,364	800,547	1,054,972	1,515,176	2,669,134	4,109,560	1,939,969	62,355,740	167,535,110	(3,468,755)	164,066,355
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,116,475	(4,636,725)	20,479,750
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	290,875	(290,875)	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,914,769	-	6,914,769
Contributions receivable, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,500	-	104,500
Due from affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121,450	5,583,199	(4,825,899)	757,300
Deferred costs, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,988	88,988	-	88,988
Total assets	\$ 171,895	\$ 570,553	\$ 1,168,963	\$ 8,753,645	\$ 18,092,695	\$ 14,371,309	\$ 1,442,109	\$ 2,420,729	\$ 1,020,771	\$ 1,211,471	\$ 1,621,210	\$ 2,701,699	\$ 4,455,990	\$ 2,240,666	\$ 66,533,684	\$ 240,373,706	\$ (15,468,658)	\$ 224,905,048

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

	Incorporated Affiliated Organizations					LAFH, LLC										Consolidated		
	Casa Central	Cochran Villa	Harmony Place	Phase I	Phase II	Glenoaks Gardens	Vineland Place	Alabama Court	Harmony Gardens	Vanowen Gardens	Victory Partners	My Angel	Saticoy	Emerald	Controlled Limited Partnerships	Total Before Eliminations	Eliminations	Adjusted Consolidated Total
Liabilities and Net Assets (Deficit)																		
Current liabilities																		
Accounts payable and accrued expenses	\$ 25,021	\$ 56,262	\$ 85,233	\$ -	\$ -	\$ 39,703	\$ 70,731	\$ 44,165	\$ 39,375	\$ 167,480	\$ 89,657	\$ -	\$ 55,623	\$ -	\$ 108,321	\$ 7,919,184	\$ (468,099)	\$ 7,451,085
Accrued payroll	2	406	20	-	-	5,997	-	1,422	586	679	354	-	841	-	-	1,934,396	-	1,934,396
Current portion of notes payable	-	-	49,284	-	-	-	14,859	22,415	-	-	-	-	151,658	-	10,325,690	11,646,831	-	11,646,831
Current portion of accrued interest payable	-	-	441	-	-	-	2,686	2,248	-	-	-	-	4,149	-	7,132	16,656	-	16,656
Construction costs payable	-	-	-	-	-	-	-	-	-	-	-	79,649	-	158,669	5,546,876	5,785,194	-	5,785,194
Deferred revenues	(23)	-	1,865	-	14,806	1,208	876	6,280	182	1,158	151	-	4,737	-	31,389	9,941,201	3,000	9,944,201
Tenant deposit liabilities	-	11,443	17,268	-	14,806	54,322	17,222	40,717	12,002	14,758	15,442	-	34,235	-	85,851	427,554	-	427,554
Deferred rent liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,092,456	(2,092,456)	-
Due to/from affiliates	(163,976)	61,995	(53,493)	2	-	6,252	173,693	27,535	70,137	198,274	275,400	155,356	393,716	67,125	2,880,390	4,397,376	(4,397,376)	-
Deficiency in partnership investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,106,142	(1,106,142)	-
Paycheck Protection Program loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,594,200	-	3,594,200
Notes payable secured by real estate, net of debt issuance costs	843,746	1,124,139	1,645,716	11,047,591	17,465,432	17,051,164	1,300,624	1,493,631	831,515	874,660	829,845	2,260,819	4,072,886	2,014,872	29,436,639	144,414,142	(4,636,726)	139,777,416
Notes payable and other liabilities related to controlled limited partnerships (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest payable	265,884	970,875	1,393,370	-	-	2,465,149	1,522,026	-	917,271	1,035,842	853,318	175,875	513,557	-	3,010,641	15,206,429	(310,653)	14,895,776
Total liabilities	970,654	2,225,120	3,139,704	11,047,593	17,495,044	19,623,795	3,102,717	1,638,413	1,871,068	2,292,851	2,064,167	2,671,699	5,231,402	2,240,666	51,432,929	208,481,761	(13,008,452)	195,473,309
Total net assets (deficit)	(798,759)	(1,654,567)	(1,970,741)	(2,293,948)	597,651	(5,252,486)	(1,660,608)	782,316	(850,297)	(1,081,380)	(442,957)	30,000	(775,412)	-	15,100,755	31,891,945	(2,460,206)	29,431,739
Total liabilities and net assets (deficit)	\$ 171,895	\$ 570,553	\$ 1,168,963	\$ 8,753,645	\$ 18,092,695	\$ 14,371,309	\$ 1,442,109	\$ 2,420,729	\$ 1,020,771	\$ 1,211,471	\$ 1,621,210	\$ 2,701,699	\$ 4,455,990	\$ 2,240,666	\$ 66,533,684	\$ 240,373,706	\$ (15,468,658)	\$ 224,905,048

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**FOR THE YEAR ENDED DECEMBER 31, 2020**

	L.A. Family Housing Corporation									
	LAFH	Gentry Village	Martin Luther King, Jr.	Strong House	Gentry North	Casa Figueroa	Hyde Park	Klump	Delano I	Delano II
Public support and revenues										
Government contracts and grants	\$ 44,036,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private contributions (corporate, foundation and individuals)	6,594,789	-	-	-	-	-	-	-	-	-
Contributed goods and services	1,442,966	-	-	-	-	-	-	-	-	-
Special events revenue, net	905,460	-	-	-	-	-	-	-	-	-
Total public support and revenues	52,980,088	-	-	-	-	-	-	-	-	-
Other revenues										
Management and development fees	3,991,325	-	-	-	-	-	-	-	-	-
Rental revenues	196,409	27,552	60,024	42,819	50,246	38,992	273,536	122,228	111,794	104,887
Other revenues	631,043	-	2,250	252	641	575	1,874	-	855	2,241
Total other revenues	4,818,777	27,552	62,274	43,071	50,887	39,567	275,410	122,228	112,649	107,128
Total public support and other revenues	57,798,865	27,552	62,274	43,071	50,887	39,567	275,410	122,228	112,649	107,128
Expenses										
Bad debt expense	98,210	-	-	5,683	-	-	6,164	1,026	-	-
Direct client assistance	13,736,554	-	-	-	-	-	-	-	-	-
Subcontractors	3,462,225	-	-	-	-	-	-	-	-	-
Office equipment and supplies	1,256,576	105	92	78	65	177	327	243	676	629
Other operating expenses	2,784,107	266	146	697	411	657	2,961	990	1,207	1,409
Professional fees	1,019,078	-	-	-	-	-	9,446	250	-	180
Property taxes and insurance	368,553	1,154	4,627	4,108	2,941	3,157	14,387	7,034	4,175	4,247
Property management and development	-	2,268	5,710	3,263	3,780	3,056	19,442	11,619	6,876	6,622
Rent expense	1,568,267	-	-	-	-	-	-	-	-	-
Repairs and maintenance	1,564,858	6,908	15,474	24,091	4,576	3,758	71,066	12,711	17,743	22,609
Salaries, taxes, and benefits	26,594,735	5,508	7,311	14,242	7,121	7,239	73,419	48,630	26,508	21,150
Events and public relations	214,810	-	-	-	-	-	-	-	-	-
Utilities	752,173	12,953	18,706	11,979	12,126	15,706	37,880	29,460	20,868	22,858
Vehicle expenses	215,948	-	-	-	-	-	-	-	-	-
Abandoned project costs	140,036	-	-	-	-	-	-	-	-	-
Contribution expense	884,728	-	-	-	-	-	-	-	-	-
Total before financial expenses	54,660,858	29,162	52,066	64,141	31,020	33,750	235,092	111,963	78,053	79,704

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**FOR THE YEAR ENDED DECEMBER 31, 2020**

	L.A. Family Housing Corporation									
	LAFH	Gentry Village	Martin Luther King, Jr.	Strong House	Gentry North	Casa Figueroa	Hyde Park	Klump	Delano I	Delano II
Total before financial expenses	\$ 54,660,858	\$ 29,162	\$ 52,066	\$ 64,141	\$ 31,020	\$ 33,750	\$ 235,092	\$ 111,963	\$ 78,053	\$ 79,704
Interest expense and finance fees	226,900	-	9,651	14,996	-	-	20,365	34,414	-	-
Total before depreciation and amortization	54,887,758	29,162	61,717	79,137	31,020	33,750	255,457	146,377	78,053	79,704
Depreciation and amortization	325,535	7,200	18,013	27,290	8,758	7,655	14,871	79,877	9,953	7,672
Total expenses	55,213,293	36,362	79,730	106,427	39,778	41,405	270,328	226,254	88,006	87,376
Less expenses included with revenues:										
Cost of direct benefits to donors	(22,920)	-	-	-	-	-	-	-	-	-
Total expenses in the statement of activities	55,190,373	36,362	79,730	106,427	39,778	41,405	270,328	226,254	88,006	87,376
Change in net assets (deficit)	2,608,492	(8,810)	(17,456)	(63,356)	11,109	(1,838)	5,082	(104,026)	24,643	19,752
Net assets (deficit) at December 31, 2019	33,611,319	(730,388)	(990,913)	(1,516,490)	(25,300)	(367,776)	380,627	(946,593)	74,410	199,890
Syndication	-	-	-	-	-	-	-	-	-	-
Contribution	-	-	-	-	-	-	-	-	-	-
Net assets (deficit) at December 31, 2020	\$ 36,219,811	\$ (739,198)	\$ (1,008,369)	\$ (1,579,846)	\$ (14,191)	\$ (369,614)	\$ 385,709	\$ (1,050,619)	\$ 99,053	\$ 219,642

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Incorporated affiliated organizations					LAFH, LLC										Consolidated		Adjusted Consolidated Total
	Casa Central	Cochran Villa	Harmony Place	Phase I	Phase II	Glenoaks Gardens	Vineland Place	Alabama Court	Harmony Gardens	Vanowen Gardens	Victory Partners	Saticoy	My Angel	Controlled Limited Partnerships	Total Before Eliminations	Eliminations		
Public support and revenues																		
Government contracts and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Private contributions (corporate, foundation and individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,036,873	-		
Contributed goods and services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,594,789	-		
Special events revenue, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,442,966	-		
Total public support and revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	905,460	-		
Other revenues															52,980,088	-		
Management and development fees	-	-	-	4,000	880,728	-	-	-	-	-	-	-	-	-	4,876,053	(2,930,831)		
Rental revenues	53,624	73,359	189,130	400,265	735,608	788,838	236,468	535,578	162,693	191,615	174,862	342,876	-	1,149,306	6,062,709	(940,132)		
Other revenues	-	174	786	1,197	605	4,321	329	2,316	209	284	120	180	-	13,277	663,529	(150,278)		
Total other revenues	53,624	73,533	189,916	405,462	1,616,941	793,159	236,797	537,894	162,902	191,899	174,982	343,056	-	1,162,583	11,602,291	(4,021,241)		
Total public support and other revenues	53,624	73,533	189,916	405,462	1,616,941	793,159	236,797	537,894	162,902	191,899	174,982	343,056	-	1,162,583	64,582,379	(4,021,241)		
Expenses																		
Bad debt expense	-	-	3,338	-	-	-	-	7,984	1,710	5,623	6,026	4,869	-	7,786	148,419	(98,210)		
Direct client assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,736,554	-		
Office equipment and supplies	290	256	611	-	-	7,838	985	4,311	1,872	2,067	983	4,171	-	15,507	1,297,859	-		
Subcontractors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,462,225	-		
Other operating expenses	328	1,398	976	10,633	10,633	24,099	(4,214)	2,909	898	20,268	4,913	1,738	-	110,093	2,977,523	-		
Professional fees	2,875	4,500	2,775	9,000	17,509	17,996	5,445	18,464	6,316	6,383	9,123	17,664	-	55,640	1,202,644	-		
Property taxes and insurance	3,962	6,771	11,272	85	160	44,540	24,908	32,929	12,814	19,258	15,137	40,286	-	89,595	716,100	-		
Property management and development	7,259	7,640	16,689	54,000	84,263	60,211	33,133	48,596	25,068	34,582	26,343	(70,480)	-	107,611	497,551	(39,055)		
Rent expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,568,267	(940,132)		
Repairs and maintenance	14,881	24,675	76,338	-	-	106,628	67,882	151,540	39,550	74,636	46,952	77,271	-	127,837	2,551,984	-		
Salaries, taxes, and benefits	14,170	29,041	39,906	-	-	149,353	54,544	100,230	34,999	57,427	27,581	54,172	-	381,862	27,749,148	(777,063)		
Events and public relations	-	26	-	-	-	-	68	-	-	673	-	-	-	-	215,577	-		
Utilities	10,842	34,270	47,800	-	-	123,739	43,330	99,529	36,495	52,505	29,973	81,780	-	197,982	1,692,954	-		
Vehicle expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215,948	-		
Abandoned project costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,036	-		
Contribution expense	-	-	-	-	442,682	-	-	-	-	-	-	-	-	-	1,327,410	(1,327,410)		
Total before financial expenses	54,607	108,577	199,705	73,718	555,247	534,404	226,081	466,492	159,722	273,422	167,031	211,471	-	1,093,913	59,500,199	(3,181,870)		
Interest expense	-	33,724	48,524	142,810	169,830	381,048	76,149	6,839	42,202	44,033	45,864	96,040	-	483,405	1,876,794	(49,778)		
Total before depreciation and amortization	54,607	142,301	248,229	216,528	725,077	915,452	302,230	473,331	201,924	317,455	212,895	307,511	-	1,577,318	61,376,993	(3,231,648)		
Depreciation and amortization	-	23,316	-	197,012	416,947	329,752	69,524	108,050	50,763	51,354	67,120	184,227	-	930,435	2,935,324	(87,728)		
Total expenses	54,607	165,617	248,229	413,540	1,142,024	1,245,204	371,754	581,381	252,687	368,809	280,015	491,738	-	2,507,753	64,312,317	(3,319,376)		
Less expenses included with revenues:																		
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,920)	-		
Total expenses in the statement of activities	54,607	165,617	248,229	413,540	1,142,024	1,245,204	371,754	581,381	252,687	368,809	280,015	491,738	-	2,507,753	64,289,397	(3,319,376)		
Change in net assets (deficit)	(983)	(92,084)	(58,313)	(8,078)	474,917	(452,045)	(134,957)	(43,487)	(89,785)	(176,910)	(105,033)	(148,682)	-	(1,345,170)	292,982	(701,865)		
Net assets (deficit) at December 31, 2019	(797,776)	(1,562,483)	(1,912,428)	(2,285,870)	122,734	(4,800,441)	(1,525,651)	825,803	(760,512)	(904,470)	(337,924)	-	-	15,119,195	30,868,963	(1,728,341)		
Transfer	-	-	-	-	-	-	-	-	-	-	-	(626,730)	-	626,730	-	-		
Syndication	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)	-		
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	30,000	750,000	780,000	(30,000)		
Net assets (deficit) at December 31, 2020	\$ (798,759)	\$ (1,654,567)	\$ (1,970,741)	\$ (2,293,948)	\$ 597,651	\$ (5,252,486)	\$ (1,660,608)	\$ 782,316	\$ (850,297)	\$ (1,081,380)	\$ (442,957)	\$ (775,412)	\$ 30,000	\$ 15,100,755	\$ 31,891,945	\$ (2,460,206)		

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

SCHEDULES OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,		2020	2019
	Rent Revenue		
5120	Rent revenue - gross potential	\$ 71,509	\$ 71,740
5121	Tenant assistance payments	-	-
5100T	Total rent revenue	71,509	71,740
	Vacancies		
5220	Apartments	-	-
5200T	Total vacancies	-	-
5152N	Net rental revenue	71,509	71,740
	Financial Revenue		
5440	Revenue from investments - reserves	174	572
5400T	Total financial revenue	174	572
	Other Revenue		
5910	Laundry and vending revenue	1,650	1,425
5920	Tenant charges	200	510
5990	Miscellaneous revenue		
	Property tax refund	-	39,156
5900T	Total other revenue	1,850	41,091
5000T	Total revenues	\$ 73,533	\$ 113,403

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

SCHEDULES OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,		2020	2019
	Administrative Expenses		
6311	Office expenses	\$ 1,903	\$ 1,833
6320	Management fee	7,640	7,772
6330	Manager or superintendent salaries	5,559	1,861
6350	Audit/tax preparation expenses	4,500	4,300
6351	Bookkeeping fees/accounting services	421	105
6390	Miscellaneous administrative expenses		
	Systematic code fees	612	433
6263T	Total administrative expenses	20,635	16,304
	Utilities Expenses		
6450	Electricity	2,397	2,908
6451	Water	29,806	13,888
6452	Gas	698	548
6400T	Total utilities expenses	32,901	17,344
	Operating and Maintenance Expenses		
6510	Payroll	14,755	3,128
6515	Supplies	228	821
6520	Contracts	19,585	24,047
6525	Garbage & trash removal	4,862	4,555
6546	Heating/cooling repairs and maintenance	-	951
6500T	Total operating and maintenance expenses	39,430	33,502
	Taxes and Insurance		
6710	Real estate taxes	1,176	588
6711	Payroll taxes (Project's share)	1,844	452
6720	Property and liability insurance (hazard)	4,958	5,148
6722	Workers compensation	809	212
6723	Health insurance and other benefits	6,799	2,229
6700T	Total taxes and insurance	15,586	8,629
	Total operating expenses	\$ 108,552	\$ 75,779

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

SCHEDULES OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,		2020	2019
Financial Expenses			
6820	Interest on mortgage (or bonds) payable	\$ 33,724	\$ 34,477
6800T	Total financial expenses	33,724	34,477
Depreciation and Amortization Expenses			
6600	Depreciation expense	23,316	23,316
6600T	Total depreciation and amortization expenses	23,316	23,316
Net Entity Expenses			
7190	Other expenses		
	State filing fee	25	-
7100T	Total net entity expenses	25	-
Total expenses		\$ 165,617	\$ 133,572
3250	Change in total net assets from operations	\$ (92,084)	\$ (20,169)

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A CALIFORNIA LIMITED PARTNERSHIP)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

SUPPLEMENTARY INFORMATION REQUIRED BY HCD

DECEMBER 31, 2020

A. CASH ON HAND AND IN BANKS**Unrestricted accounts:**

Operating cash account	\$	1,474
Total	\$	1,474

Restricted accounts:

Operating reserve	\$	53,587
Replacement reserve		91,092
Tenants security deposits		11,521
Total	\$	156,200

B. TENANT ACCOUNTS RECEIVABLE

As of December 31, 2020, the Partnership has \$2,431 and \$0 in tenant receivables and subsidy receivables, respectively.

C. OPERATING RESERVE ACCOUNT

In accordance with the Partnership, loan and regulatory agreements, the Partnership is required to maintain an operating reserve account in a restricted cash account, which is held by CalHFA, to be used for unforeseen circumstances and operating cash flow deficits with the prior approval of CalHFA as follows:

Balance, January 1, 2020	\$	53,535
Deposits		-
Interest earned		52
Approved withdrawals		-
Balance, December 31, 2020	\$	53,587

D. REPLACEMENT RESERVE ACCOUNT

According to the Partnership's loan and regulatory agreements, the Partnership is required to maintain a replacement reserve account in a restricted cash account, which is held by Citibank, N.A. an FDIC insured bank, to be used for replacement of property with the prior approval of HCD/CalHFA as follows:

Balance, January 1, 2020	\$	90,987
Deposits		-
Interest earned		105
Approved withdrawals		-
Balance, December 31, 2020	\$	91,092

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A CALIFORNIA LIMITED PARTNERSHIP)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

SUPPLEMENTARY INFORMATION REQUIRED BY HCD

DECEMBER 31, 2020

E. TENANT SECURITY DEPOSITS

Tenant security deposits are held in a single federally insured interest-bearing bank account with Citibank. At December 31, 2020, the balance of the security deposit account is adequate to cover the liability for security deposits.

F. PROPERTY, EQUIPMENT AND IMPROVEMENTS

Following are the details of property, equipment and improvements:

Property, Equipment and Improvements, at Cost	Balance 1/1/2020	Additions (Deletions)	Balance 12/31/2020
Land	\$ 208,573	\$ -	\$ 208,573
Building and improvements	907,452	-	907,452
Personal property	11,021	-	11,021
Total	\$ 1,127,046	\$ -	\$ 1,127,046

G. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses amounts are payable to vendors and suppliers, and are being paid on a current basis. Detail is as follows:

Accounts payable	\$ 32,667
Accrued expenses	23,595
Total	\$ 56,262

H. GROSS POTENTIAL RENT

Gross potential rent includes:

Tenant rents - residential	\$ 71,509
Rental subsidies	-
Vacancies	-
Total gross potential rent	\$ 71,509

I. PROPERTY TAXES

The Partnership received an exemption of indirect real property taxes issued by the county assessor. The Partnership has paid the other 2020 assessments billed by the county on a current basis. The tax statements are paid when due and are not impounded by a lender.

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A CALIFORNIA LIMITED PARTNERSHIP)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

SUPPLEMENTARY INFORMATION REQUIRED BY HCD

DECEMBER 31, 2020

J. PROPERTY INSURANCE

Property insurance premiums are paid current as of December 31, 2020. The Partnership pays the premiums when due.

K. MANAGEMENT FEE

A property management fee of \$7,640 was incurred during 2020 for property management services provided by an unrelated party.

See independent auditor's report.

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

COCHRAN VILLA, INC. - HCD LOAN NO. 90-RHCP-041

COMPUTATION OF OPERATING CASH FLOW/SURPLUS CASH - PER HCD REGULATORY AGREEMENTS

FOR THE YEARS ENDED DECEMBER 31,	2020	2019
Operating cash flow/surplus cash will be distributed according to the HCD method.		
Operating revenue		
Total revenue	\$ 73,533	\$ 113,403
Interest on restricted reserve accounts	(174)	(572)
Adjusted operating revenue	73,359	112,831
Operating expenses	(108,552)	(75,779)
Adjusted net income (loss)	(35,193)	37,052
Other activity		
Deposits into replacement reserve account	-	(1,741)
Deposits into other restricted accounts*	-	(32,110)
Withdrawals from replacement reserve account included in operating expenses	-	2,613
Total other activity	-	(31,238)
Operating cash flow/surplus cash	(35,193)	5,814
Total cash available for distributions (net cash flow)	\$ (35,193)	\$ 5,814

*During 2019, property tax refund proceeds were deposited into the operating reserve to replenish the amount originally withdrawn to pay property taxes.

See independent auditor's report.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Partners of
L.A. Family Housing Corporation and Affiliated Organizations:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of L.A. Family Housing Corporation and Affiliated Organizations (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated September 15, 2021. Our report includes a reference to other auditors who audited the financial statements of a certain controlled entity in development, as described in our report on the Organization's consolidated financial statements. The financial statements of the certain controlled entity audited by other auditors was not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the summary of audit findings and recommendations as Finding #2020-01 that we consider to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. The Organization's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Holthouse Carlin & Van Trigt LLP

Los Angeles, California
September 15, 2021

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A CALIFORNIA LIMITED PARTNERSHIP)
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2020

CURRENT YEAR FINDINGS AND RECOMMENDATIONS - 2020

Finding 2020-01

Significant Deficiency – Year End Account Reconciliation

Condition:

During our audit, it was noted that the Organization implemented procedures to reconcile accounts monthly. However, we noted that the process for comparing the reconciliations to the trial balance was not being completed in a timely manner, which resulted in numerous post-closing adjustments and delays in obtaining schedules and supporting documents.

Recommendation:

Management should re-evaluate the Organization's financial reporting processes and controls, including the expertise and duties of internal staff, to ensure an appropriate allocation of responsibilities and that adequate reconciliations and review of accounts occur at the closing of the monthly, quarterly and annual reporting periods in a timely manner. Although the Organization implemented a monthly reporting checklist as a key control to ensure accurate monthly financial reporting, the design of the control needs to be continuously reviewed to provide for timely execution of the control. Given the significant growth in the Organization's activities, we recommend the Organization create a quarterly checklist and a robust year-end reporting checklist that provides for proper recording of transactions in accordance with U.S. GAAP and includes cut-off procedures to ensure transactions are captured in the correct period. The implementation of these checklists will minimize the number of misstatements.

Management's Response (Unaudited):

LA Family Housing Corporation concurs with audit finding. However, LA Family Housing Corporation (LAFH) feels that these delays did not detract from the reliability of the financial data supporting the financial statements and notes that are prepared with the assistance of the CPA firm.

Actions Taken or Planned:

Management has been refining our in-depth review of the monthly closing procedures and the newly implemented quarterly and yearend reporting checklists providing for the proper accounting of transactions including reconciliation procedures to ensure the trial balance is up to date thereby eliminating numerous post-closing adjustments. With these changes in place LA Family Housing will reduce the time completing audit schedules and supporting documents as well as reducing the number of post-closing adjustments.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS - 2019

Finding 2019 -01: Year End Account Reconciliation

Status: See Finding 2020-01

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS
(A NONPROFIT CALIFORNIA CORPORATION)
COCHRAN VILLA, INC. - 90-RHCP-041
MANAGING AGENT'S CERTIFICATION
DECEMBER 31, 2020

We hereby certify that we have examined the supplementary information of Cochran Villa, Inc. included in the accompanying Schedules III – V, as of and for the year ended December 31, 2020, and to the best of our knowledge and belief, the same is complete and accurate.

Signature: 

Printed Name: Jeanette Thai

Title: Regional Accounting Director

Date: 09/15/2021

L.A. FAMILY HOUSING CORPORATION AND AFFILIATED ORGANIZATIONS

(A NONPROFIT CALIFORNIA CORPORATION)

COCHRAN VILLA, INC. - 90-RHCP-041

MORTGAGOR'S CERTIFICATION

DECEMBER 31, 2020

I hereby certify that I have examined the supplementary information of Cochran Villa, Inc. included in the accompanying Schedules III – V, as of and for the year ended December 31, 2020 and, to the best of my knowledge and belief, the same is complete and accurate.

Signature:



Printed Name:

Aaron Leon

Title:

CFO

Date:

9/15/2021