COMMUNITY PARTNERS FOR AFFORDABLE HOUSING

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report

Years ended December 31, 2023 and 2022

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

Mark Schwing CPA PC

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INDEPENDENT AUDITOR'S REPORT

June 25, 2024

Board of Directors
Community Partners for Affordable Housing
Tigard, Oregon

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of financial position of Community Partners for Affordable Housing (CPAH) (a nonprofit organization) and affiliated entities, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CPAH as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of CPAH and its affiliated entities and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPAH's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CPAH's and affiliates' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

My audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Audited Supplementary Information on pages 29 to 35 is presented for purposes of additional analysis and is not a required part of the 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 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 my opinion, the 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*, on pages 36 to 37, I have also issued my report dated June 25, 2024 on my consideration of CPAH's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CPAH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CPAH's internal control over financial reporting and compliance.

Mark Schwing CPA PC

Mark Schwing CPA PC

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
DECEMBER 31, 2023 and 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

Assets	2023	2022
Cash and cash equivalents	$ 4,148,958	$ 2,816,613
Cash - restricted	4,957,555	3,185,182
U.S. Treasury Bills - available for sale	9,916,560	-
Receivables - operating	238,490	175,237
Receivables - grants	150,000	210,586
Prepaid expenses	117,627	136,504
Tenant security deposits held in trust	295,103	297,064
Predevelopment costs	985,898	2,349,145
Land held for development	759,889	2,763,505
Fixed assets - net	94,417,487	71,570,415
Bond fee	85,000	207,250
Benefit of interest rate SWAP	534,327	641,011
Tax credit fees - net	764,168	339,321
Total Assets	**$ 117,371,062**	**$ 84,691,833**

LIABILITIES AND NET ASSETS

Liabilities	2023	2022
Accounts payable	$ 192,397	$ 91,994
Accounts payable-construction and project improvements	1,477,918	2,691,956
Accrued liabilities	230,736	153,536
Prepaid rents	9,152	13,781
Refundable security deposits	298,058	300,427
Mortgages and notes payable	76,984,202	42,422,700
Accrued interest	857,665	771,745
Deferred revenue	28,735	-
Total Liabilities	80,078,863	46,446,139
Commitments and Contingencies	-	-
Net Assets		
Without donor restriction		
Controlling interests	15,506,174	10,544,511
Board designated	450,000	450,000
Noncontrolling interests	20,911,899	27,023,863
Total without donor restriction	36,868,073	38,018,374
With donor restriction - controlling interests	424,126	227,320
Total Net Assets	37,292,199	38,245,694
Total Liabilities and Net Assets	**$ 117,371,062**	**$ 84,691,833**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
Years Ended December 31, 2023 and 2022

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2023	2022
Net Assets Without Donor Restriction:		
Support and Revenues		
Support		
Grants	$ 3,127,223	$ 857,049
Contributions	26,136	45,658
Total Support	3,153,359	902,707
Revenues		
Net rental revenue and related income	5,559,776	5,249,865
Interest income	309,997	2,909
Gain on sale of assets	313,245	-
Special events - net of expenses	108,885	126,489
Other income	110,567	26,529
Total Revenues	6,402,470	5,405,792
Net assets released from restrictions	44,702	81,581
Total Support and Revenues	9,600,531	6,390,080
Expenses		
Program Services		
Property operations	5,102,710	4,285,645
Housing education and outreach	167,912	120,560
Resident services	708,834	712,410
Supportive Housing Services	432,804	-
Housing development	534,060	611,014
Asset management	114,616	96,017
Total Program Services	7,060,936	5,825,646
Support Services		
Management and general	333,615	307,103
Fundraising	117,004	100,905
Total Support Services	450,619	408,008
Total Expenses before depreciation and amortization	7,511,555	6,233,654
Change in Net Assets Without Donor Restriction before increase in fair market value of interest rate SWAP and depreciation and amortization	2,088,976	156,426
Increase (decrease) in fair value of interest rate SWAP	(106,684)	641,011
Depreciation and amortization	(2,879,922)	(2,504,682)
Change in Net Assets Without Donor Restriction	$ (897,630)	$ (1,707,245)
Net Assets With Donor Restriction:		
Grants and contributions	$ 241,508	$ 47,320
Net assets released from restrictions	(44,702)	(81,581)
Change in Net Assets With Donor Restriction	$ 196,806	$ (34,261)
Total Change in Net Assets	**$ (700,824)**	**$ (1,741,506)**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING

Years Ended December 31, 2023 and 2022

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

	WITHOUT DONOR RESTRICTION			WITH DONOR RESTRICTION	
	CONTROLLING INTERESTS	NONCONTROLLING INTERESTS	TOTAL	CONTROLLING INTERESTS	TOTAL NET ASSETS
Net Assets, December 31, 2021	$ 11,362,771	$ 28,324,396	$ 39,687,167	$ 261,581	$ 39,948,748
Change in net assets for the year ended December 31, 2022	(368,260)	(1,338,985)	(1,707,245)	(34,261)	(1,741,506)
Limited Partners capital contributions	-	105,777	105,777	-	105,777
Limited Partnership syndication costs	-	(7,249)	(7,249)	-	(7,249)
Limited Partners distributions		(60,076)	(60,076)	-	(60,076)
Net Assets, December 31, 2022	10,994,511	27,023,863	38,018,374	227,320	38,245,694
Change in net assets for the year ended December 31, 2023	860,242	(1,757,872)	(897,630)	196,806	(700,824)
Assignment of partnership interest	4,101,421	(4,101,421)	-	-	-
Limited Partners capital contributions		165,513	165,513	-	165,513
Limited Partnership syndication costs		(211,314)	(211,314)	-	(211,314)
Limited Partners distributions		(206,870)	(206,870)	-	(206,870)
Net Assets, December 31, 2023	**$ 15,956,174**	**$ 20,911,899**	**$ 36,868,073**	**$ 424,126**	**$ 37,292,199**

Controlling Interest includes Board designated fund of $450,000

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING

Year Ended December 31, 2023

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES							SUPPORT SERVICES			
	PROPERTY OPERATIONS	HOUSING EDUCATION & OUTREACH	RESIDENT SERVICES	SUPPORTIVE HOUSING SERVICES	HOUSING DEVELOPMENT	ASSET MANAGEMENT	TOTAL	MANAGEMENT & GENERAL	FUND-RAISING	TOTAL	GRAND TOTALS
Personnel costs	$ 838,806	$ 141,620	$ 474,482	$ 337,265	$ 480,200	$ 99,918	$ 2,372,291	$ 204,483	$ 95,156	$ 299,639	$ 2,671,930
Administrative expenses	256,279	1,016	6,883	1,993	(762)	568	265,977	9,296	7,791	17,087	283,064
Bad debt expense	48,219	-	-	-	-	-	48,219	-	-	-	48,219
Fees-limited partners	32,703	-	-	-	-	-	32,703	-	-	-	32,703
Insurance	305,364	1,157	5,886	2,610	3,068	791	318,876	8,883	816	9,699	328,575
Interest expense	1,068,914	2,395	17,660	4,265	1,868	6,532	1,101,634	7,552	2,060	9,612	1,111,246
Maintenance and repairs	1,095,232	-	-	-	-	-	1,095,232	-	-	-	1,095,232
Monitoring fees	18,185	-	-	-	-	-	18,185	-	-	-	18,185
Professional fees	166,103	9,379	37,289	24,799	42,590	5,209	285,369	95,426	6,706	102,132	387,501
Program supplies	-	-	153,484	58,795	326	-	212,605	-	113	113	212,718
Property management fee	312,782	-	-	-	-	-	312,782	-	-	-	312,782
Real property taxes	8,304	-	-	-	-	-	8,304	-	-	-	8,304
Telephone and internet	48,643	1,083	7,457	1,934	3,819	893	63,829	2,037	2,677	4,714	68,543
Travel, training and meetings	5,358	11,102	4,529	936	2,329	565	24,819	5,495	1,545	7,040	31,859
Utilities	897,818	160	1,164	207	622	140	900,111	443	140	583	900,694
Functional Expenses before depreciation and amortization	5,102,710	167,912	708,834	432,804	534,060	114,616	7,060,936	333,615	117,004	450,619	7,511,555
Depreciation	2,744,662	3,405	17,566	4,388	10,431	4,418	2,784,870	59,859	2,243	62,102	2,846,972
Amortization	32,950						32,950	-	-	-	32,950
Total Depreciation and amortization	2,777,612	3,405	17,566	4,388	10,431	4,418	2,817,820	59,859	2,243	62,102	2,879,922
Functional Expenses before fundraising event expenses	7,880,322	171,317	726,400	437,192	544,491	119,034	9,878,756	393,474	119,247	512,721	10,391,477
Fundraising event expenses	-	-	-	-	-	-	-	-	46,248	46,248	46,248
Total Expenses	**$ 7,880,322**	**$ 171,317**	**$ 726,400**	**$ 437,192**	**$ 544,491**	**$ 119,034**	**$ 9,878,756**	**$ 393,474**	**$ 165,495**	**$ 558,969**	**$ 10,437,725**

See notes to consolidated financial statements

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING

Year Ended December 31, 2022

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES						SUPPORT SERVICES			
	PROPERTY OPERATIONS	HOUSING EDUCATION & OUTREACH	RESIDENT SERVICES	HOUSING DEVELOPMENT	ASSET MANAGEMENT	TOTAL	MANAGEMENT & GENERAL	FUND-RAISING	TOTAL	GRAND TOTALS
Personnel costs	$ 699,858	$ 114,671	$ 533,989	$ 405,356	$ 91,238	$ 1,845,112	$ 100,517	$ 91,802	$ 192,319	$ 2,037,431
Administrative expenses	171,493	760	4,774	946	352	178,325	17,247	2,344	19,591	197,916
Bad debt expense	83,456	-	-	-	-	83,456	-	-	-	83,456
Fees-limited partners	31,430	-	-	-	-	31,430	-	-	-	31,430
Insurance	261,285	914	5,548	2,741	678	271,166	7,071	805	7,876	279,042
Interest expense	789,417	777	4,179	201,232	546	996,151	345	784	1,129	997,280
Maintenance and repairs	975,720	-	-	-	-	975,720	-	-	-	975,720
Monitoring fees-LIHTC	18,876	-	-	-	-	18,876	-	-	-	18,876
Professional fees	107,728	269	4,092	(7,913)	200	104,376	169,459	272	169,731	274,107
Program supplies	-	62	140,239	634	323	141,258	(746)	-	(746)	140,512
Property management fee	281,452	-	-	-	-	281,452	-	-	-	281,452
Real property taxes	22,313	-	-	-	-	22,313	-	-	-	22,313
Telephone and internet	50,080	1,879	10,458	5,649	1,209	69,275	5,126	3,608	8,734	78,009
Travel, training and meetings	4,820	1,054	8,066	1,847	1,342	17,129	7,976	1,134	9,110	26,239
Utilities	787,717	174	1,065	522	129	789,607	108	156	264	789,871
Functional Expenses before depreciation and amortization	4,285,645	120,560	712,410	611,014	96,017	5,825,646	307,103	100,905	408,008	6,233,654
Depreciation	2,396,712	2,510	15,143	7,518	1,860	2,423,743	48,290	2,264	50,554	2,474,297
Amortization	30,385	-	-	-	-	30,385	-	-	-	30,385
Total Depreciation and amortization	2,427,097	2,510	15,143	7,518	1,860	2,454,128	48,290	2,264	50,554	2,504,682
Functional Expenses before fundraising event expenses	6,712,742	123,070	727,553	618,532	97,877	8,279,774	355,393	103,169	458,562	8,738,336
Fundraising event expenses	-	-	-	-	-	-	-	19,069	19,069	19,069
Total Expenses	**$ 6,712,742**	**$ 123,070**	**$ 727,553**	**$ 618,532**	**$ 97,877**	**$ 8,279,774**	**$ 355,393**	**$ 122,238**	**$ 477,631**	**$ 8,757,405**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
Years Ended December 31, 2023 and 2022

CONSOLIDATED STATEMENTS OF CASH FLOWS

		2023		2022
Cash Flows From Operating Activities				
Change in net assets	$	(700,824)	$	(1,741,506)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization		2,879,922		2,504,682
Interest-amortized debt issuance costs		64,678		59,517
(Increase) decrease in fair market value of interest rate SWAP		106,684		(641,011)
Gain on sale of assets		(313,245)		-
Changes in				
Receivables		(2,667)		(16,791)
Prepaid expenses		18,877		(86,026)
Accounts payable		100,403		(42,073)
Refundable Advances		-		(59,913)
Accrued liabilities		77,200		10,803
Prepaid rents		(4,629)		(77,754)
Refundable security deposits		(2,369)		11,805
Accrued interest		85,920		123,585
Deferred revenue		28,735		-
Net Cash Provided (Used) by Operating Activities		**2,338,685**		**45,318**
Cash Flows From Investing Activities				
(Increase) in predevelopment costs		(1,363,247)		(1,247,058)
Tax credit fees paid		(457,797)		-
Bond fees paid		(85,000)		-
Net Proceeds from sale of assets		426,383		-
Purchases of U.S. Treasury Bills		(9,916,560)		-
Purchases of fixed assets		(20,869,822)		(10,090,803)
Increase (decrease) in accounts payable related to construction cost and improvements		(1,214,038)		2,437,932
Net Cash Provided (Used) by Investing Activities		**(33,480,081)**		**(8,899,929)**
Cash Flows From Financing Activities				
Proceeds from mortgages and notes payable borrowings		40,597,695		8,110,401
Principal payments of mortgages and notes payable		(4,892,528)		(993,416)
Financing fees paid		(1,208,343)		(33,429)
Syndication costs Limited Partnership		(211,314)		(7,249)
Limited Partners distributions		(206,870)		(60,076)
Limited Partners capital contributions		165,513		105,777
Net Cash Provided (Used) by Financing Activities		**34,244,153**		**7,122,008**
Net Change in Cash and Restricted Cash		3,102,757		(1,732,603)
Cash and Restricted Cash at Beginning of Year		6,298,859		8,031,462
Cash and Restricted Cash at End of Year	**$**	**9,401,616**	**$**	**6,298,859**
Supplemental Cash Flows Disclosures				
Cash paid for interest charged to expense	$	1,241,600	$	952,379
Cash paid for capitalized interest expense	$	376,619	$	12,362
Total capitalized interest expense	$	603,117	$	12,362

See notes to consolidated financial statements

(1) The Organization and Nature of Activities

Community Partners for Affordable Housing (CPAH) is a nonprofit Corporation, incorporated under the laws of the State of Oregon. CPAH is focused on the development of permanent affordable housing for low-income individuals, families and seniors in Washington and Multnomah Counties. CPAH also supports CPAH residents with resident services, community building, and skill building activities to promote housing and life success.

Property Operations: CPAH and Affiliates own 529 units of affordable rental housing in eleven multi-family communities and three single family homes, rented to households with income below specified limits.

Housing Education and Outreach: CPAH provides information to the community related to the role affordable housing plays in building and maintaining vibrant and resilient communities. CPAH also provides opportunities for volunteers to connect with CPAH projects and programs.

Resident Services: In order to support CPAH residents, CPAH provides eviction prevention and housing stabilization services, along with community and wellness programming, youth programs, and activities to promote health and wellness for seniors. CPAH also provides services for people who are homeless including housing navigation, case management and rapid rehousing. Additionally, CPAH supports residents in permanent supportive housing.

Supportive Housing Services: CPAH brings its understanding of permanent supportive housing to communities dedicated to serving people who are exiting houselessness. CPAH integrates its experience in Resident Services, partnering with mental health organizations and other service providers to assist people moving into housing and supporting them over the long-term.

Housing Development: CPAH is committed to creating quality, sustainable, affordable housing in the diverse communities it serves. As part of this commitment, CPAH undertakes the development of new units as well as rehabilitation and upgrades of existing units in its portfolio. The Joyce, a substantial historic rehab in downtown Portland, opened in June 2023 adding 66 units to CPAH's portfolio. CPAH has an additional four new construction projects in its pipeline, all of which have been funded with Metro Housing Bonds and will bring 379 new units to the community. CPAH continues to pursue new affordable housing development opportunities as part of its ongoing work.

(1) The Organization and Nature of Activities – continued

Asset Management: CPAH provides asset management for the 529 units in its portfolio, ensuring fiscal and physical compliance with local, state, and federal regulations. It also continuously assesses the physical condition of its properties and creates and executes maintenance and rehabilitation plans to maintain a high quality of life for its residents.

CPAH owns a general partnership interest in each of six Limited Partnerships as of December 31, 2023 with a total of 253 units not including CPAH Plambeck Gardens Limited Partnership that will have 116 units in 2025. These partnerships own and operate low-income housing facilities developed and managed by CPAH. The Limited Partnerships have been included in the accompanying consolidated financial statements.

CPAH is affiliated with two single-asset not-for-profit Corporations with a total of 80 units. These corporations own and operate low-income housing facilities managed by CPAH. The single asset not-for-profit Corporations have been included in the accompanying consolidated financial statements.

CPAH owns The Village at Washington Square Apartments (26 units), Greenburg Oaks Apartments (84 units) formerly Villa La Paz Limited Partnership, Oleson Woods LP (32 units), and as of April 1, 2023, Watershed Apartments (51 units), formerly Bertha Senior Housing Limited Partnership. In addition, it owns 3 single-family low-income rental homes, and CPAH's office space.

Tax Credit Entities

Tax Credit Entities include seven limited partnerships in which CPAH, or a single member LLC formed by CPAH as the general partner, holds controlling general partner interests (of 0.01%). In accordance with accounting principles generally accepted in the United States of America, the Limited Partnerships have been included in the consolidated financial statements because CPAH, as the general partner, is deemed to control the Limited Partnerships. The Tax Credit Entities are as follows:

Bertha Senior Housing Limited Partnership (Terminated March, 2023-See Note 17)
The Knoll at Tigard Limited Partnership
The Barcelona at Beaverton Limited Partnership
CPAH Cedar Grove Limited Partnership
Red Rock Creek Commons Limited Partnership
CPAH Joyce Limited Partnership
CPAH Plambeck Gardens Limited Partnership

CPAH has the option to purchase 100% of the ownership interest in each of the Limited Partnerships at the end of their respective 15-year compliance periods.

(1) The Organization and Nature of Activities – continued

Single Asset HUD Projects

Single Asset Housing and Urban Development (HUD) Projects include two not-for-profit corporations, each of which owns a HUD Sections 220 and 236 multi-family housing complex designed to serve low-income persons, with a total of 80 units. CPAH was approved as the HUD-designated "Project Sponsor." These entities have been included in the consolidated financial statements of CPAH because CPAH is deemed to control these entities through common board members. These entities are as follows:

Metzger Park Apartments, Inc.
Preserve Spencer House, Inc.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CPAH and its single member LLCs, Tax Credit Entities and Single Asset HUD Projects that are controlled by CPAH. CPAH's general partnership interests are 0.01% with the remainder of the partnerships' equity generally held by a limited partner and shown as non-controlling interest in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation. The Tax Credit Entities and the Single Asset HUD Projects included in the consolidated financial statements are collectively referred to as "Affiliated Entities" in these financial statements.

Non-controlling Interests

The amounts shown as non-controlling interests represent the aggregate balance of limited partner equity interests in the non-wholly owned limited partnerships that are included in the consolidated financial statements.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

(2) Summary of Significant Accounting Policies - continued

Basis of Presentation - continued

Net Assets with Donor Restriction – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. CPAH reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Rental Revenue and Related Income

Rental revenues are recognized in the month in which the services are provided and are presented net of rent concessions and vacancy loss. Other income is recognized as the related services are provided and include laundry, application fees, late fees, and other tenant charges. Rental payments received in advance are deferred until earned.

Revenue generated by laundry machines represents exchange transactions. Revenue from laundry machines is recognized at a point in time and the amounts earned during the year are reported on the statement of activities. There were no contract assets or liabilities to these revenues at either the beginning or end of the year. There are no obligations for returns or refunds arising from these transactions.

Special Events Revenue

Special events revenue is recognized upon completion of the event.

Grants and Contributions

CPAH receives grants and contributions from private foundations and government sources. Government grants are generally treated as with donor restricted amounts until the restrictions have been satisfied, at which time they are released from restriction and treated as without donor restriction amounts. Contributions, which include unconditional promises to give, are recorded as revenue at estimated net realizable value in the period CPAH is notified of the commitment. Conditional promises to give are not included as revenue until the conditions are substantially met. Grants and contributions whose restrictions, if any, are met in the same reporting period are reported as unrestricted revenue in the period of receipt.

(2) Summary of Significant Accounting Policies - continued

Revenue Recognition - continued

Development Fees

CPAH earns fees for development of properties and generally recognizes development fees as earned over the period of development in accordance with the terms of Limited Partnership agreements. Development fees earned by CPAH, which are included in development costs of consolidated low-income housing projects, have been eliminated in consolidation. In addition, CPAH provides asset management and resident services directly to the Affiliated Entities. Income is earned in accordance with the terms of the agreements and recorded as revenue when earned. All fees earned during the years ended December 31, 2023 and 2022 were intercompany revenue and have been eliminated in the consolidated financial statements.

Donated Goods and Services

Donated goods and services are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the use of donated goods to a specific purpose. CPAH recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the statements for donated services by the Board members involved in Board activities or from unpaid volunteers unless the criteria for recognition have been met.

Leases

Topic 842 Leases was issued by the Financial Accounting Standard Board and became effective for fiscal years beginning after December 15, 2021. CPAH adopted this standard effective January 1, 2022, which was the date of initial application.

Lessor

CPAH leases apartment units on a month-to-month basis. The leases include services for maintenance to common areas and apartment units on behalf of the lessees. CPAH has elected to apply the practical expedient that allows apartment leases and their associated maintenance services to be accounted for as a single combined lease component. CPAH has determined that the apartment lease is predominant in these leases and is accounting for the combined apartment and maintenance services as an operating lease under Topic 842. As a result CPAH presented apartment leases and maintenance services in the same line item in the statement of activities for the year ended December 31, 2023.

(2) Summary of Significant Accounting Policies – continued

Leases - continued

Operating Leases

CPAH records operating leases with a right of use asset and corresponding liability to capture total value of future use and cash outflows, discounted to present value at date of lease inception, and amortized over the life of the lease. The discount rate is based on what is stated in the lease agreement, if known, or the entities average borrowing rates. Operating lease amortization is charged to rent expense over the life of the lease. Operating lease expense is recognized for these leases on a straight-line basis over the lease term. The lease commitments disclosed in Note 13 were not deemed material and the right of use asset and corresponding liability are not recorded in the consolidated financial statements.

Short-term Leases

Operating leases with an initial term of twelve months or less and the lack of a purchase option that the partnership is reasonably certain to exercise, are short-term lease. It is CPAH's policy to not recognize right of use assets and lease liabilities arising from short-term leases for any class of underlying asset. Amount paid towards short-term leases are included in rent expense as payments are made.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on an allocation of employees' time incurred and on usage of resources. Costs allocated to the property operations and other program services include an allocation of operating costs of CPAH and all of the expenses of the Affiliated Entities that have been included in the consolidated financial statements. Amounts allocated to support services represent allocations of the operating costs of CPAH.

The Use of Estimates

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

U.S. Treasury Bills

U.S. Treasury Bills available for sale are owned by CPAH Plambeck Gardens Limited Partnership and are stated at cost. The difference between cost and fair value is not material in relation to the consolidated financial statements.

(2) Summary of Significant Accounting Policies – continued

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which are as follows: 27.5 to 45 years for buildings, 15 years for site and land improvements and 5 to 15 years for furnishings and equipment. Maintenance, repairs and minor replacements are charged to expense when incurred. Major replacements and betterments in excess of $1,000 are capitalized.

Fixed Assets - continued

Management reviews fixed assets for financial impairment and will continue to evaluate assets if events or circumstances indicate the carrying amount of an asset may not be fully recoverable. Management believes there was no impairment of assets at December 31, 2023 and 2022.

Predevelopment Costs

Predevelopment costs related to Plambeck Gardens, Woodland Hearth, Jamii Court, Meadowlark and Sylvania projects in the amount of $985,898 and $2,349,145 are capitalized in the Consolidated Statements of Financial Position as of December 31, 2023 and 2022, respectively. Plambeck Gardens was formed as a tax credit Limited Partnership in May, 2023. The remaining predevelopment projects are also intended to be structured as tax credit limited partnerships.

Cash and Equivalents

Cash and cash equivalents include cash-on-hand, cash deposited with banks and financial institutions and money market funds with maturities of three months or less. Cash equivalents are recorded at cost, which approximates market value.

Receivables and Allowance for Credit Losses

In June 2016, the Financial Accounting Standard Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by CPAH that are subject to the guidance in FASB ASC 326 are tenant accounts receivable and other operating receivables.

(2) Summary of Significant Accounting Policies - continued

Receivables and Allowance for Credit Losses - continued

We adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Receivables are generally charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require 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.

Operating receivables as of December 31, 2021 were $142,428.

Tax Credit Fees

Certain of the Tax Credit Entities have received an allocation of Low-Income Housing Tax Credits ("LIHTC") for their qualifying rental property. The benefits of the LIHTC are provided to the Tax Credit Entities' owners through the Tax Credit Entities' annual federal income tax return filing and are not reflected in the accompanying consolidated financial statements.

The LIHTC is a 15-year credit that is generally claimed by the Tax Credit Entities over a 10-year period. The credit is a certain percentage (as determined by the Internal Revenue Service) of the qualified basis of the property. The Tax Credit Entities may only lease qualified units to tenants who meet certain income limits and whose rent payments also are restricted under guidelines set by the Internal Revenue Service.

Tax Credit Fees are recorded at cost and are amortized over a 15-year period. Accumulated amortization was $276,164 and $243,214 at December 31, 2023 and 2022, respectively. Amortization expense was $32,950 and $30,385 for the years ended December 31, 2023 and 2022, respectively.

Bond Fees

Bond Fees related to debt financing of the CPAH Plambeck Gardens Limited Partnership project at December 31, 2023 are being used over the life of the bond funds that will be used to finance construction of the project.

(2) Summary of Significant Accounting Policies - continued

Cash – Restricted

Restricted deposits at December 31 include the following:

	2023	2022
Operating reserves	$ 1,056,653	$ 1,220,386
Replacement reserves	1,207,485	1,254,803
Residual receipts reserve	46,949	46,919
Mortgage escrow and earnest money deposits	296,178	253,074
Collateral reserve	-	300,000
Construction cost reserve	2,240,290	-
Other reserves	110,000	110,000
	$ 4,957,555	$ 3,185,182

Operating reserves are required by certain limited partnership agreements. Such funds are available to pay operating expenses to the extent that collected gross revenues are insufficient for such purposes. Withdrawals from operating reserves generally require the approval and consent of the Investor Limited Partner.

Replacement reserves are required by various loan and regulatory agreements and are to be used for the replacement or repair of capital assets.

Residual receipts reserve is the accumulation of surplus cash, which is calculated annually and transferred to the account from operating cash after the year end for the two single-asset HUD projects. Disbursements from the reserve require approval of HUD.

Mortgage escrow deposits sufficient to pay annual property taxes and insurance when due are required by certain loan and regulatory agreements. Included is an earnest money deposit for the purchase of land.

Collateral reserve was established by CPAH Joyce Limited Partnership to comply with the terms and conditions of the construction and term loan agreement as additional collateral to secure the loan.

Construction cost reserve is unspent proceeds from a construction loan used to finish the construction of the CPAH Joyce Limited Partnership project.

Other reserves include funds set aside by tax credit entities in anticipation of required future secondary debt payments and also for any potential revenue deficits.

Concentration of Credit Risk

CPAH and Affiliated Entities maintain cash balances with banks and other financial institutions which may exceed federal depository insurance limits. CPAH and Affiliated Entities have not experienced any losses from these accounts and do not believe that they are exposed to significant credit risk.

(2) Summary of Significant Accounting Policies - continued

Fair Value of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments when it is practicable to estimate that value. The operations generated by the investment in real estate are subject to various government rules, regulations, and restrictions which make it impractical to estimate the fair value of the notes payable and related accrued interest. The carrying amount of other assets and liabilities reported on the statement of financial position that requires such disclosure approximates fair value.

The Financial Accounting Standards Board (FASB) Accounting Standards Codification established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The carrying amounts for cash, receivables, prepaid expenses, restricted cash, accounts payable and other accrued liabilities approximate their fair value due to their short maturities. It is impractical to estimate the fair value of financing fees, tax credit fees, and mortgages and notes payable because there are no quoted market prices for transactions that are similar in nature. Benefit of interest rate SWAP for the year ended December 31, 2023 and 2022 in the amount of $534,327 and $641,011, respectively was recorded based on the lenders forecasted levels of SOFR, which is level 3.

Federal and State Taxes

No provision for income taxes has been provided because CPAH is exempt from paying income taxes under Internal Revenue Code 501(c)(3) and is not classified as a private foundation. The income or loss from Limited Partnerships is reported by the partners on their income tax returns.

CPAH and its affiliates file returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Generally, tax filings are subject to federal and state examination for three years after they are filed. The returns filed for periods prior to December 31, 2020 are considered closed and management believes those returns are no longer subject to income tax examination. In the event penalties and interest are assessed by income taxing authorities, it is CPAH's policy to include these in operating expenses. No penalties and interest were assessed for the years ended December 31, 2023 and 2022.

(2) Summary of Significant Accounting Policies - continued

Compensated Absences

Compensated absences for vacation pay are charged to expense when earned by the employee.

Advertising Expenses

Advertising costs are charged to expense as they are incurred.

(3) Reclassifications

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications did not change the total in net assets for the year ended December 31, 2022 as previously reported.

(4) Cash and Restricted Cash

Cash and restricted cash in the Statement of Cash Flows consist of the following:

	2023	2022
Cash and cash equivalents	$ 4,148,958	$ 2,816,613
Tenant security deposits	295,103	297,064
Cash restricted		
Operating reserves	1,056,653	1,220,386
Replacement reserves	1,207,485	1,254,803
Residual receipts reserve	46,949	46,919
Mortgage escrow deposits	296,178	253,074
Collateral reserve	-	300,000
Construction loan reserve	2,240,290	-
Other reserves	110,000	110,000
Total tenant security deposit and restricted cash	5,252,658	3,482,246
Total cash and restricted cash	$ 9,401,616	$ 6,298,859

(5) Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

(5) Liquidity and Availability of Financial Assets - continued

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 4,148,958	$ 2,816,613
Receivables - operating	238,490	175,237
Receivables - grants	150,000	210,586
Total financial assets	4,537,448	3,202,436
Less amounts not available to be used within one year:		
With donor restriction	424,126	227,320
Board designated net assets	450,000	450,000
Total amounts not available	874,126	677,320
Financial assets available to meet general expenditures within one year:	$ 3,663,322	$ 2,525,116

CPAH regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period CPAH considers all expenditures related to its ongoing activities of property operations, housing education and outreach, resident services, supportive housing services, housing development and asset management, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, CPAH budgets expenses considering available cash flow to cover them. Due to the multi-year developer fee cycle, earned income varies widely from year to year, and CPAH uses the cash received in one year to cover operating deficits in following years. Refer to the statements of cash flows, which identify the sources and uses of CPAH's cash flows and shows positive cash provided by operating activities for both 2023 and 2022.

(6) Receivables - Grants

Grants receivable at December 31, 2023 and 2022 consists of the following:

	2023	2022
CARE Oregon		
Permanent Supportive Housing	$ 150,000	$ -
City of Beaverton		
Community Development Block Grant	-	6,480
Washington County		
Community Development Block Grant	-	10,297
Community Housing Development Organization	-	28,553
Housing	-	36,687
Resident Services	-	111,069
Marie Lamfrom Foundation		
Resident Services	-	17,500
	$ 150,000	$ 210,586

(7) Conditional Promises to Give

As of December 31, 2023 and 2022, CPAH received restricted government grants totaling $0 and $683,606, respectively that contained donor conditions (primarily housing services). Since these grants represent conditional promises to give, they are not recorded as grant revenue until conditions are met. Any funds received in advance of the conditions being met will be recorded as refundable advances. There were no refundable advances as of December 31, 2023 and 2022.

(8) Fixed Assets

Fixed assets at December 31, 2023 and 2022 consist of the following:

	2023	2022
Land and improvements	$ 8,835,744	$ 6,625,649
Site improvements	4,099,976	4,087,722
Building and improvements	86,419,733	72,450,386
Furnishings and equipment	4,967,297	2,135,891
Construction in progress	18,427,220	11,870,107
Total fixed assets	122,749,970	97,169,755
Less accumulated depreciation	28,332,483	25,599,340
Fixed assets – net	$ 94,417,487	$ 71,570,415

(9) Mortgages and Notes Payable

Mortgages and notes payable at December 31, 2023 and 2022 consist of the following:

	2023	2022
Washington County		
Mortgages payable generally out of project cash flow, interest ranging from 0% to 3%, maturing 2024 - 2080	$ 23,105,810	$ 8,181,640
Umpqua Bank		
Construction loan payable (financed with Private Activity bonds through Oregon Housing and Community services, 2022 Series DD) interest rate adjustable as the SOFR Rate plus 1.97%, with a floor rate of 2.47%. The construction loan will be paid down to no more than $2,150,000 and is expected to be converted to a permanent loan in July, 2024 with interest rate of 3.96%, maturing 2041.	11,150,000	1,611,617
Mortgage payable monthly installment of $3,626, interest 4.25%, maturing 2026	678,056	698,712

(9) Mortgages and Notes Payable - continued

	2023	2022
Oregon Housing and Community Services		
Note payable (financed with 2023 series E-1 Bonds), Principal payments beginning June, 2026, 5.65% interest, maturing 2063	$ 10,200,000	$ -
Mortgages payable interest ranging from 0% - 2%, maturing 2036 - 2061	5,004,589	3,764,917
Portland Housing Bureau		
Note payable out of project cash flow, interest ranging 0% - 1%, maturing 2058 - 2078	7,461,552	6,985,302
Heritage Bank		
Mortgages payable including interest rate swap (mentioned in note 10) aggregate monthly installment of $25,717, interest ranging from 3.75% to 4.87%,maturing 2032	5,716,865	5,771,094
JP Morgan Chase Bank		
Mortgage payable monthly installments of $16,641, interest 3.61%, maturing 2039.	3,837,122	3,895,212
Network for Oregon Affordable Housing		
Mortgages payable in aggregate monthly installments of $22,629, interest ranging from 2.75% - 4.75%, maturing 2036 - 2042	3,549,882	5,447,433
WincoPin Circle LLP		
Equity advance note payable, interest 8%, Maturing 2025	3,102,300	-
Walker & Dunlop		
Mortgage payable in monthly installments of $8,276, interest 3.95%, maturing 2053	1,744,003	1,773,785
Banner Bank		
Mortgages payable in aggregate monthly installments of $7,048, interest ranging from 3.25% to 4.5%, maturing 2028-2032	1,084,530	1,155,599
PNC Bank, N.A.		
Mortgage payable in monthly installments of $9,989, interest 7.31%, maturing 2038	1,073,214	1,113,030
Town Center Development Agency of the City of Tigard		
Note payable interest 2.0% maturing 2026	500,000	500,000

(9) Mortgages and Notes Payable - continued

	2023	2022
Community Housing Fund		
Predevelopment loan payable, interest 5.5%, Maturing 2025	$ 497,072	$ -
Walter Aman		
Note payable interest 5.5% maturing 2025	168,079	180,782
CJD Holdings		
Note payable interest 6.0% maturing 2024	$ -	$ 2,088,784
	78,873,074	43,167,907
Less: unamortized debt issuance costs	1,888,872	745,207
	$ 76,984,202	$ 42,422,700

Debt issuance costs are being amortized to interest expense over the terms of the loans. Amortization expense for debt issuance costs during 2023 and 2022 was $64,678 and $59,517, respectively.

The above mortgages and notes payable are substantially collateralized by investments in real estate. A summary of mortgages and notes payable, net of unamortized debt issuance costs, by group of entities at December 31, 2023 and 2022 is as follows:

	2023	2022
CPAH	$ 11,229,979	$ 13,196,387
Tax Credit Entities	62,723,407	26,149,528
Single Asset HUD Projects	3,030,816	3,076,785
	$ 76,984,202	$ 42,422,700

Annual maturities of mortgages and notes payable for years subsequent to December 31, 2023 are as follows:

Year ending December 31,	
2024	$ 587,490
2025	4,338,702
2026	1,765,257
2027	687,474
2028	717,850
Thereafter	70,776,301
	$ 78,873,074

(10) Derivative Financial Instrument

CPAH has entered into an interest rate swap agreement to reduce the impact of changes in interest rates on a floating rate (Prime) long term debt. At December 31, 2023 and 2022, CPAH had an outstanding interest rate swap agreement with Heritage Bank, having unpaid principal balances of $4,760,501 and $4,887,442, respectively. The agreement changed CPAH's interest rate exposure on the floating rate loan to a fixed rate of 3.75%. The interest rate swap agreement matures at the time the loan matures on January 1, 2032.

(10) Derivative Financial Instrument - continued

CPAH is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, CPAH does not anticipate nonperformance by the counterparties.

The SWAP was issued at market terms so that it had no fair value at its inception in December, 2021. For the years ended December 31, 2023 and 2022 the carrying amount of the SWAP has been adjusted to its fair value, because of changes in forecasted levels of SOFR which resulted in reporting an asset for the fair value of the future net payments forecasted under the SWAP.

Fair value of derivative financial instrument at December 31, 2023 and 2022 is as follows:

	2023	2022
Statement of Financial Position		
Benefit of Interest Rate Swap	$ 534,327	$ 641,011
Statement of Activities		
Increase (decrease) in Fair Value of Interest Rate Swap	(106,684)	641,011

(11) Board Designated Net Assets

The Board of Directors established an operating reserve fund in the amount of $450,000.

(12) Net Assets with Donor Restriction

Net assets at December 31, 2023 and 2022 are available for the following purposes:

	2023	2022
City of Beaverton	$ 170,000	180,000
Care Oregon	161,540	-
Oregon Community Foundation	-	19,820
Marie Lamfrom Foundation	8,618	17,500
Unite Oregon	-	10,000
Umpqua Bank Foundation	50,000	-
Others	33,968	-
	$ 424,126	$ 227,320

For 2023, the amount for City of Beaverton, Umpqua Bank Foundation, Marie Lamfrom Foundation and Care Oregon were restricted to resident services and supportive housing services.

For 2022, the amounts for City of Beaverton, Oregon Community Foundation, Marie Lamfrom were restricted for resident and nonresident services and Unite Oregon was restricted for housing development.

(13) Commitments and Contingencies

Lease Commitment

The Barcelona at Beaverton Limited Partnership leases land and parking under the terms of a non-cancellable operating lease. The term of the lease is seventy-five years beginning October 2014 and ending October 2089. There is an option to extend for an additional twenty-four years. The lease calls for annual payments of $30. If at any time the land ceases to be used as multifamily housing, primarily for persons of lower income, the minimum rent shall increase to $12,000 per year in 2015 dollars adjusted annually to reflect changes in the Portland consumer price index, increasing 3% per year for the remainder of the lease term.

CPAH Joyce Limited Partnership entered into a utility vault lease agreement (the "Utility Vault Lease") with the City of Portland. The term of the Utility Vault Lease shall be for a period of 30 years commencing on the effective date, with an option to renew the lease for two separate successive terms of 30 years each, for a total of 90 years. An annual rent amount of $2,750 is due and payable in arrears beginning on the commencement date. The annual rent increases by 3% beginning at the sixth full calendar year and every sixth full calendar year thereafter. As of December 31, 2023, Utility Vault Lease payable was $-0-. For the year ending December 31, 2023, the Utility Vault Lease expense was $2,750.

Future lease payment requirements over the next five years and thereafter are as follows:

Year ending December 31,	
2024	$ 2,750
2025	2,750
2026	2,750
2027	2,833
2028	2,833
Thereafter	69,526
	$ 83,442

Grant and Property Use Restrictions

Certain of the properties operated by CPAH and Affiliated Entities were developed using funds provided by grants and low-interest rate loans. The terms of these grants and loans restrict the use of the property and generally require the property to be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grants or the loans may result in a requirement to repay a portion or all of the proceeds received.

Rental Assistance Contracts

Certain of the properties have entered into rental assistance contracts with HUD. The rental assistance contracts require that the property be operated as low-income housing and that any rent increases be approved by HUD.

(13) Commitments and Contingencies - continued

Construction Commitments

CPAH has entered into construction contracts for the total amount of $43,423,315 related to construction at Plambeck Gardens and Greenburg Oaks projects. As of December 31, 2023 $13,232,070 has been completed, leaving estimated commitments of $30,191,245.

Other

As the general partner in various Limited Partnerships, CPAH may be subject to other liabilities should an affected partnership's assets become insufficient to meet its obligations. This includes guarantees to fund future operating deficits of certain Tax Credit Entities over the periods as defined under the limited partnership agreements. The operating deficit guarantee periods typically require the Limited Partnerships to meet certain conditions based on the operational results. CPAH has not been required to fund any amounts associated with the operating deficit guarantees to date.

(14) Property Tax Exemption

All of the affiliates' low-income housing projects have been granted exemption from real property taxes. Property tax exemptions are generally granted annually and there is no assurance the exemption will continue in future years. The savings from the property tax exemptions has not been determined. In the opinion of management, the projects will continue to be granted exemption from real property taxes.

(15) Current Vulnerability Due To Certain Concentrations

CPAH's operations are concentrated in the multifamily real estate market in the Portland, Oregon area. Operations of the projects are 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, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

(16) Retirement Plan

CPAH established a 403(b) retirement plan covering substantially all employees. Under the plan, CPAH's employees can elect to defer compensation up to limits established by the Internal Revenue Code. CPAH contributes 5% of an employee's salary to the plan. Contributions made by CPAH amounted to $71,412 and $43,209 during the years ended December 31, 2023 and 2022, respectively.

(17) Tax Credit Entity Termination

On March 31, 2023 the Limited Partner of Bertha Senior Housing Limited Partnership agreed to assign its interest in the Partnership to CPAH. As a part of the agreement CPAH will retain all records related to low-income housing tax credits for each year of the compliance period applicable to the Credits. In addition CPAH agreed to hold harmless the Limited Partner from any claims made against the Limited Partner by the Partnership. The assets and liabilities of Bertha Senior Housing Limited Partnership were merged into CPAH at book value.

Financial activity of Bertha Senior Housing Limited Partnership for the period January 1, 2023 to March 31, 2023 is reported in the tax credit entities grouping in the consolidating financial statements. Financial activity for the period April 1, 2023 to December 31, 2023 is reported in the CPAH grouping (identified as Watershed) in the consolidating financial statements.

(18) Subsequent Events

Management of CPAH has evaluated events and transactions occurring after December 31, 2023 through June 25, 2024, the date the consolidated financial statements were available for issuance, for potential recognition or disclosure in the consolidated financial statements and has concluded, that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

AUDITED SUPPLEMENTARY INFORMATION

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
December 31, 2023

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

ASSETS	CPAH	TAX CREDIT ENTITIES	SINGLE ASSET HUD PROJECTS	ELIMINATIONS	CONSOLIDATED
Cash and cash equivalents	$ 3,660,633	$ 477,700	$ 10,625		$ 4,148,958
Cash - restricted	692,251	3,924,027	341,277		4,957,555
U.S. Treasury Bills - available for sale	-	9,916,560	-		9,916,560
Receivables - operating	192,779	29,077	16,634		238,490
Receivables - grants	150,000	-	-		150,000
Prepaid expenses	38,914	74,978	3,735		117,627
Tenant security deposits	128,731	133,994	32,378		295,103
Predevelopment costs	985,898	-	-		985,898
Land held for development	759,889	-	-		759,889
Bond fee	-	85,000	-		85,000
Benefit of interest rate SWAP	534,327	-	-		534,327
Tax credit fees - net	-	764,168	-		764,168
Receivables from affiliates	14,324,717	26,457	-	(14,351,174)	-
Investments in affiliates	1,939,402	-		(1,939,402)	-
Subtotal	23,407,541	15,431,961	404,649	(16,290,576)	22,953,575
Fixed assets					
Land and improvements	1,997,436	9,652,534	323,603	(3,137,829)	8,835,744
Site improvements	1,825,121	1,998,133	276,722		4,099,976
Buildings and improvements	27,655,142	59,766,754	8,559,466	(9,561,629)	86,419,733
Furnishings and equipment	837,549	3,841,604	288,144		4,967,297
Construction in progress	2,730,757	18,694,954	-	(2,998,491)	18,427,220
Total fixed assets	35,046,005	93,953,979	9,447,935	(15,697,949)	122,749,970
Less accumulated depreciation	16,616,208	9,152,849	3,548,022	(984,596)	28,332,483
Fixed assets - net	18,429,797	84,801,130	5,899,913	(14,713,353)	94,417,487
Total Assets	**$ 41,837,338**	**$ 100,233,091**	**$ 6,304,562**	**$ (31,003,929)**	**$ 117,371,062**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
December 31, 2023

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

LIABILITIES AND NET ASSETS	CPAH	TAX CREDIT ENTITIES	SINGLE ASSET HUD PROJECTS	ELIMINATIONS	CONSOLIDATED
Liabilities					
Accounts payable	111,454	$ 57,555	$ 23,388		$ 192,397
Accounts payable- construction and improvements	834,782	643,136	-		1,477,918
Accrued liabilities	192,053	38,683	-		230,736
Prepaid rents	4,147	4,601	404		9,152
Refundable security deposits	128,731	136,949	32,378		298,058
Mortgages and notes payable	11,229,979	62,723,407	3,030,816		76,984,202
Accrued interest	345,169	433,424	79,072		857,665
Deferred revenue	248,735	-	-	(220,000)	28,735
Payables to affiliates	-	14,328,631	22,543	(14,351,174)	-
Total Liabilities	13,095,050	78,366,386	3,188,601	(14,571,174)	80,078,863
Net Assets					
Without donor restriction					
Controlling interests	27,868,162	1,939,402	3,115,961	(17,417,351)	15,506,174
Board designated	450,000	-	-		450,000
Noncontrolling interests	-	19,927,303	-	984,596	20,911,899
Total Without donor restriction	28,318,162	21,866,705	3,115,961	(16,432,755)	36,868,073
With donor restriction - controlling	424,126	-	-	-	424,126
Total Net Assets	28,742,288	21,866,705	3,115,961	(16,432,755)	37,292,199
Total Liabilities and Net Assets	**$ 41,837,338**	**$ 100,233,091**	**$ 6,304,562**	**$ (31,003,929)**	**$ 117,371,062**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
Year Ended December 31, 2023
CONSOLIDATING STATEMENT OF ACTIVITIES

	CPAH	TAX CREDIT ENTITIES	SINGLE ASSET HUD PROJECTS	ELIMINATIONS	CONSOLIDATED
Support and Revenues					
Support					
Grants	$ 3,368,731	$ -	$ -		$ 3,368,731
Contributions	26,136	-	-		26,136
Total Support	3,394,867	-	-	-	3,394,867
Revenues					
Net rental revenue	2,145,731	2,543,310	796,453		5,485,494
Laundry and tenant charges	48,201	17,190	8,891		74,282
Fees and losses - affiliates	5,343,539	-	-	(5,343,539)	-
Interest income	4,101	305,767	129		309,997
Interest income - affiliates	219,979		-	(219,979)	-
Gain on sale of assets	2,777,722			(2,464,477)	313,245
Special events - net of expenses	108,885	-	-		108,885
Decrease in FMV of interest rate SWAF	(106,684)	-	-		(106,684)
Other revenue	36,360	67,685	6,695	(173)	110,567
Total Revenues	10,577,834	2,933,952	812,168	(8,028,168)	6,295,786
Total Support and Revenues	13,972,701	2,933,952	812,168	(8,028,168)	9,690,653
Expenses					
Personnel costs	2,143,656	395,946	132,329		2,671,931
Administrative expenses	88,815	105,415	88,834		283,064
Bad Debt expense	21,586	20,353	6,280		48,219
Fees- affiliates	-	193,189	22,040	(215,229)	-
Fees-limited partners	-	32,703	-		32,703
Grant expenditures	-	-	-		-
Insurance	123,624	151,275	53,676		328,575
Interest expense	334,032	672,299	104,914		1,111,245
Interest expense - affiliates	-	219,979	-	(219,979)	-
Maintenance and repairs	595,859	427,791	141,529	(69,947)	1,095,232
Monitoring fees-LIHTC	7,482	10,703	-		18,185
Professional fees	260,196	103,005	24,300		387,501
Program supplies	212,718	-	-		212,718
Property management fee	111,422	150,706	50,654		312,782
Real property taxes	8,304	-	-		8,304
Telephone and internet	40,648	27,895	-		68,543
Travel, training and meetings	29,386	2,473	-		31,859
Utilities	394,554	359,714	146,426		900,694
Total Expenses before depreciation and amortization	4,372,282	2,873,446	770,982	(505,155)	7,511,555
Change in Net Assets before depreciation and amortization	9,600,419	60,506	41,186	(7,523,013)	2,179,098
Depreciation and Amortization					
Depreciation	891,987	1,936,850	227,730	(209,595)	2,846,972
Amortization	-	32,950			32,950
Total Depreciation and Amortization	891,987	1,969,800	227,730	(209,595)	2,879,922
Change in Net Assets	$ 8,708,432	$ (1,909,294)	$ (186,544)	$ (7,313,418)	$ (700,824)

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
December 31, 2023

CPAH STATEMENT OF FINANCIAL POSITION

ASSETS	CPAH	WATERSHED	SINGLE FAMILY	GREENBURG OAKS	OLESON WOODS	VILLAGE @ WASH SQUARE	ELIMINATIONS	CPAH TOTAL
Cash	$ 3,214,780	$ 272,475	$ 81,843	$ 68,295	$ 5,341	$ 17,899		$ 3,660,633
Cash - restricted	-	84,016	-	267,710	153,448	187,077		692,251
Receivables - operating-net	152,434	2,240	893	23,370	10,349	3,493		192,779
Receivables - grants	150,000	-	-	-	-			150,000
Prepaid expenses	34,225	1,913	-	1,038	1,229	509		38,914
Tenant security deposits	-	12,000	3,466	67,207	26,847	19,211		128,731
Predevelopment costs	985,898	-	-	-	-	-		985,898
Land held for development	759,889	-	-	-	-	-		759,889
Benefit of interest rate SWAP	-	-	-	424,790	-	109,537		534,327
Receivables from affiliates	17,562,889	-	-	1,829,326	-	-	(5,067,498)	14,324,717
Investments in affiliates	1,946,038	-	-	-	-	-	(6,636)	1,939,402
			-					
Subtotal	24,806,153	372,644	86,202	2,681,736	197,214	337,726	(5,074,134)	23,407,541
Fixed assets								
Land and improvements	11,865	383,598	258,881	406,000	518,475	418,617		1,997,436
Site improvements	700,044	243,674	-	312,082	569,321	-		1,825,121
Buildings and improvements	1,592,197	9,279,825	313,431	8,676,692	4,325,194	6,184,063	(2,716,260)	27,655,142
Furnishings and equipment	94,364	215,933	-	178,243	242,521	106,488		837,549
Construction in progress	-	-	-	2,723,148	7,609	-		2,730,757
Total fixed assets	2,398,470	10,123,030	572,312	12,296,165	5,663,120	6,709,168	(2,716,260)	35,046,005
Less accumulated depreciation	1,002,606	4,140,116	107,011	7,283,137	2,736,009	2,460,677	(1,113,348)	16,616,208
Fixed assets - net	1,395,864	5,982,914	465,301	5,013,028	2,927,111	4,248,491	(1,602,912)	18,429,797
Total Assets	**$ 26,202,017**	**$ 6,355,558**	**$ 551,503**	**$ 7,694,764**	**$ 3,124,325**	**$ 4,586,217**	**$ (6,677,046)**	**$ 41,837,338**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
December 31, 2023

CPAH STATEMENT OF FINANCIAL POSITION - CONTINUED

LIABILITIES AND NET ASSETS	CPAH	WATERSHED	SINGLE FAMILY	GREENBURG OAKS	OLESON WOODS	VILLAGE @ WASH SQUARE	ELIMINATIONS	CPAH TOTAL
Liabilities								
Accounts payable	$ 43,304	$ 9,538	$ -	$ 39,746	$ 1,725	$ 17,141		$ 111,454
Accounts payable- project improvements	834,782	-	-	-	-	-		834,782
Accrued liabilities	190,554	-	-	-	1,499	-		192,053
Prepaid rents	-	206	-	3,593	71	277		4,147
Refundable security deposits	-	12,000	3,466	67,207	26,847	19,211		128,731
Mortgages and notes payable	2,109,760	1,527,384	-	4,655,353	1,521,674	1,415,808		11,229,979
Accrued interest	28,449	11,787	-	185,969	3,763	115,201		345,169
Deferred revenue	248,735	-	-	-	-	-		248,735
Payables to affiliates		893,007	7,000	-	706,382	3,461,109	(5,067,498)	-
Total Liabilities	3,455,584	2,453,922	10,466	4,951,868	2,261,961	5,028,747	(5,067,498)	13,095,050
Net Assets								
Without donor restriction								
Controlling interests	21,872,307	3,901,636	541,037	2,742,896	862,364	(442,530)	(1,609,548)	27,868,162
Board designated	450,000	-	-	-	-	-		450,000
Noncontrolling interests	-	-	-	-	-	-		-
Total Without donor restriction	22,322,307	3,901,636	541,037	2,742,896	862,364	(442,530)	(1,609,548)	28,318,162
With donor restriction - controlling	424,126	-						424,126
Total Net Assets	22,746,433	3,901,636	541,037	2,742,896	862,364	(442,530)	(1,609,548)	28,742,288
Total Liabilities and Net Assets	**$ 26,202,017**	**$ 6,355,558**	**$ 551,503**	**$ 7,694,764**	**$ 3,124,325**	**$ 4,586,217**	**$ (6,677,046)**	**$ 41,837,338**

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
Year Ended December 31, 2023

CPAH STATEMENT OF ACTIVITES

	CPAH	WATERSHED	PLAMBECK GARDENS	SINGLE FAMILY	GREENBURG OAKS	OLESON WOODS	VILLAGE @ WASH SQUARE	ELIMINATIONS	CPAH TOTAL
Support and Revenues									
Support									
Grants	$ 1,022,010	$ -		$ -	$ 2,346,721	$ -	$ -		$ 3,368,731
Contributions	26,136	-		-	-	-	-		26,136
Total Support	1,048,146	-	-	-	2,346,721	-	-	-	3,394,867
Revenues									
Net rental revenue		496,219	1,600	40,232	971,328	358,114	278,238		2,145,731
Laundry and tenant charges		4,612	-	350	32,412	3,855	6,972		48,201
Fees and losses - affiliates	5,498,717	-	-	-		-		(155,178)	5,343,539
Interest income	2,142	10	-	-	923	645	381		4,101
Interest income - affiliates	265,457	-	-	8		-	-	(45,486)	219,979
Gain (loss) sale of assets	2,777,722	-	-	-		-	-		2,777,722
Special events - net of expenses	108,885	-	-	-		-	-		108,885
Decrease in FMV of interest rate SWAP		-	-	-	(84,814)	-	(21,870)		(106,684)
Other revenue	36,360	-	-	-	-	-			36,360
Total Revenues	8,689,283	500,841	1,600	40,590	919,849	362,614	263,721	(200,664)	10,577,834
Total Support and Revenues	9,737,429	500,841	1,600	40,590	3,266,570	362,614	263,721	(200,664)	13,972,701
Expenses									
Personnel costs	1,833,125	67,339	84	-	146,375	58,009	38,724		2,143,656
Administrative expenses	26,785	6,179	105	14,415	22,207	6,808	12,316		88,815
Bad Debt expense-net.	-	770	-	-	18,597	94	2,125		21,586
Fees- affiliates	-	37,351	-	-	20,004	-	10,608	(67,963)	-
Fees-limited partners	-	-	-	-	-	-	-		-
Grant expenditures	-	-	-	-	-	-	-		-
Insurance	23,211	25,300	-	5,780	45,658	8,998	14,677		123,624
Interest expense	42,331	61,732	-	2,642	147,954	41,221	38,152		334,032
Interest expense - affiliates	-	19,233	-	-		26,253		(45,486)	-
Maintenance and repairs	-	100,082	1,601	53,648	310,762	57,738	72,028		595,859
Monitoring fees-LIHTC	-	1,147	-	-	3,360	2,195	780		7,482
Professional fees	221,398	7,699	1,913	1,099	9,804	5,045	13,238		260,196
Program supplies	212,718	-	-	-		-	-		212,718
Property management fee	-	24,953	120	3,600	50,280	17,677	14,792		111,422
Real property taxes	7,000	-	1,304	-		-	-		8,304
Telephone and internet	19,900	5,414	-	-	4,656	6,804	3,874		40,648
Travel, training and meetings	26,501	719	-	150	1,002	516	498		29,386
Utilities	2,876	64,771	-	2,096	169,082	92,554	63,175		394,554
		-							
Total Expenses before depreciation and amortization	2,415,845	422,689	5,127	83,430	949,741	323,912	284,987	(113,449)	4,372,282
Change in Net Assets before depreciation and amortization	7,321,584	78,152	(3,527)	(42,840)	2,316,829	38,702	(21,266)	(87,215)	9,600,419
Depreciation and Amortization									
Depreciation	102,310	181,222	-	11,998	334,083	112,901	222,660	(73,187)	891,987
Amortization	-	-	-	-	-	-	-	-	-
Total Depreciation and Amortization	102,310	181,222	-	11,998	334,083	112,901	222,660	(73,187)	891,987
Change in Net Assets	$ 7,219,274	$ (103,070)	$ (3,527)	$ (54,838)	$ 1,982,746	$ (74,199)	$ (243,926)	$ (14,028)	$ 8,708,432

COMMUNITY PARTNERS FOR AFFORDABLE HOUSING
Year Ended December 31, 2023

CPAH STATEMENT OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES							SUPPORT SERVICES			
	PROPERTY OPERATIONS	HOUSING EDUCATION & OUTREACH	RESIDENT SERVICES	SUPPORTIVE HOUSING SERVICES	HOUSING DEVELOPMENT	ASSET MANAGEMENT	TOTAL	MANAGEMENT & GENERAL	FUND-RAISING	TOTAL	GRAND TOTALS
Personnel costs	$ 310,531	$ 141,620	$ 474,482	$ 337,265	$ 480,200	$ 99,918	$ 1,844,016	$ 204,483	$ 95,156	$ 299,639	$ 2,143,655
Administrative expenses	62,030	1,016	6,883	1,993	(762)	568	71,728	9,296	7,791	17,087	88,815
Bad debt expense	21,586						21,586			-	21,586
Insurance	100,413	1,157	5,886	2,610	3,068	791	113,925	8,883	816	9,699	123,624
Interest expense	291,701	2,395	17,660	4,265	1,868	6,532	324,421	7,552	2,060	9,612	334,033
Maintenance and repairs	595,859						595,859			-	595,859
Monitoring fees	7,482						7,482			-	7,482
Professional fees	38,798	9,379	37,289	24,799	42,590	5,209	158,064	95,426	6,706	102,132	260,196
Program supplies	-	-	153,484	58,795	326	-	212,605	-	113	113	212,718
Property management fee	111,422						111,422			-	111,422
Real property taxes	8,304						8,304			-	8,304
Telephone and internet	20,748	1,083	7,457	1,934	3,819	893	35,934	2,037	2,677	4,714	40,648
Travel, training and meetings	2,885	11,102	4,529	936	2,329	565	22,346	5,495	1,545	7,040	29,386
Utilities	391,678	160	1,164	207	622	140	393,971	443	140	583	394,554
Functional Expenses before depreciation	1,963,437	167,912	708,834	432,804	534,060	114,616	3,921,663	333,615	117,004	450,619	4,372,282
Depreciation	789,677	3,405	17,566	4,388	10,431	4,418	829,885	59,859	2,243	62,102	891,987
Totals before fundraising event expenses	2,753,114	171,317	726,400	437,192	544,491	119,034	4,751,548	393,474	119,247	512,721	5,264,269
Fundraising event expenses	-	-	-	-	-	-	-	-	46,248	46,248	46,248
Total Expenses	**$ 2,753,114**	**$ 171,317**	**$ 726,400**	**$ 437,192**	**$ 544,491**	**$ 119,034**	**$ 4,751,548**	**$ 393,474**	**$ 165,495**	**$ 558,969**	**$ 5,310,517**
Percentage of 2023 Grand Totals	**51.8%**	**3.2%**	**13.7%**	**8.2%**	**10.3%**	**2.2%**	**89.5%**	**7.4%**	**3.1%**	**10.5%**	**100.0%**

Mark Schwing CPA PC

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

June 25, 2024

Board of Directors
Community Partners for Affordable Housing
Tigard, Oregon

I have audited, in accordance with the 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 Community Partners for Affordable Housing (CPAH) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued my report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the consolidated financial statements, I considered CPAH's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPAH's internal control. Accordingly, I do not express an opinion on the effectiveness of CPAH'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Certified Public Accountant and Consultant

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Mark Schwing CPA PC

Mark Schwing CPA PC