

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES

Audited Consolidated Financial Statements

For the Year Ended December 31, 2025



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Partners of Affordable Housing

Opinion

We have audited the accompanying consolidated financial statements of Community Partners of Affordable Housing (an Oregon nonprofit organization) and affiliated entities (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information contained in Schedules I and II 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 supplemental information contained in Schedules I and II is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2026 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

McDonald Jacob, P.C.

Portland, Oregon
August 21, 2026

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2025

ASSETS	
Cash and cash equivalents	\$ 5,278,890
Restricted deposits and reserves	20,292,236
Tenant security deposits held in trust	355,994
Investments	181,668
Accounts receivable	515,593
Contributions and grants receivable	1,404,383
Prepaid expenses	126,554
Interest rate swap agreement	401,421
Land held for development	1,846,296
Predevelopment costs	3,112,168
Tax credit fees, net	852,992
Property and equipment, net	<u>158,479,699</u>
TOTAL ASSETS	<u><u>\$ 192,847,894</u></u>

LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued expenses	\$ 694,930
Accounts payable - developments	7,331,556
Prepaid rents	77,843
Refundable security deposits	366,649
Accrued interest	1,346,678
Mortgage and notes payable, net	<u>109,703,333</u>
Total liabilities	<u>119,520,989</u>
Net assets:	
Without donor restrictions:	
Controlling interests	22,892,953
Noncontrolling interests	<u>49,984,057</u>
Total without donor restrictions	72,877,010
Net assets with donor restrictions	<u>449,895</u>
Total net assets	<u>73,326,905</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 192,847,894</u></u>

See notes to consolidated financial statements.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and grants	\$ 4,031,583	\$ 326,954	\$ 4,358,537
Contributed land	2,400,000	-	2,400,000
Special events, net	187,810	-	187,810
Rental income and other tenant charges	7,660,005	-	7,660,005
Investment income	486,690	-	486,690
Income (loss) from interest rate swap	(188,221)	-	(188,221)
Loan forgiveness	49,638	-	49,638
Miscellaneous income	6,445	-	6,445
Net assets released from restrictions	189,180	(189,180)	-
Total support and revenue	<u>14,823,130</u>	<u>137,774</u>	<u>14,960,904</u>
Expenses:			
Program services:			
Property operations	12,433,939	-	12,433,939
Housing education & outreach	84,235	-	84,235
Resident services	1,524,437	-	1,524,437
Supportive housing services	730,334	-	730,334
Housing development	605,188	-	605,188
Asset management	233,549	-	233,549
Total program services	15,611,682	-	15,611,682
Management and general	433,293	-	433,293
Fundraising	151,141	-	151,141
Total expenses	<u>16,196,116</u>	<u>-</u>	<u>16,196,116</u>
Change in net assets	<u>\$ (1,372,986)</u>	<u>\$ 137,774</u>	<u>\$ (1,235,212)</u>

(Continued)

See notes to consolidated financial statements.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

	<u>Net Assets without Donor Restrictions</u>			Net Assets	Total
	<u>Controlling</u>	<u>Noncontrolling</u>	<u>Total</u>	<u>with Donor</u>	<u>Net Assets</u>
	<u>Interests</u>	<u>Interests</u>		<u>Restrictions</u>	
Net assets, December 31, 2024 - restated	\$ 19,395,562	\$ 26,412,058	\$ 45,807,620	\$ 312,121	\$ 46,119,741
Capital contributions	-	28,526,070	28,526,070	-	28,526,070
Syndication costs	-	(75,000)	(75,000)	-	(75,000)
Capital distributions	-	(8,694)	(8,694)	-	(8,694)
Change in net assets	<u>3,497,391</u>	<u>(4,870,377)</u>	<u>(1,372,986)</u>	<u>137,774</u>	<u>(1,235,212)</u>
Net assets, December 31, 2025	<u>\$ 22,892,953</u>	<u>\$ 49,984,057</u>	<u>\$ 72,877,010</u>	<u>\$ 449,895</u>	<u>\$ 73,326,905</u>
					(Concluded)

See notes to consolidated financial statements.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2025

	Program Services							Support Services		
	Property Operations	Education & Outreach	Resident Services	Supportive Housing	Housing Development	Asset Management	Total Program	Management and General	Fund- raising	2025
Salaries and related expenses	\$ 1,232,364	\$ 74,658	\$ 706,857	\$ 518,601	\$ 471,447	\$ 178,393	\$ 3,182,320	\$ 345,186	\$ 109,931	\$ 3,637,437
Professional service fees	368,045	3,943	53,789	34,762	59,497	28,713	548,749	36,665	18,409	603,823
Program contracts and supplies	293	44	691,368	122,364	277	112	814,458	-	-	814,458
Telephone and internet	91,894	782	14,729	9,770	10,470	4,210	131,855	3,871	6,373	142,099
Insurance, license and permits	517,380	868	9,729	7,049	5,229	3,249	543,504	4,100	1,417	549,021
Travel and meetings	18,101	622	9,478	10,677	15,082	9,259	63,219	3,219	2,907	69,345
Event expense	-	-	-	-	-	-	-	-	55,615	55,615
Property management fees	402,767	-	-	-	-	-	402,767	-	-	402,767
Residence administration	383,023	-	-	-	-	-	383,023	-	-	383,023
Repairs and maintenance	1,391,713	39	644	315	1,734	1,933	1,396,378	184	63	1,396,625
Utilities	1,266,932	1,545	17,231	12,514	9,456	3,541	1,311,219	6,003	2,512	1,319,734
Fees to limited partners	24,026	-	-	-	-	-	24,026	-	-	24,026
Interest	2,437,703	-	-	-	-	-	2,437,703	-	-	2,437,703
Interest - amortization of debt issuance costs	276,303	-	-	-	-	-	276,303	-	-	276,303
Depreciation	3,931,222	1,449	16,194	11,761	28,177	3,328	3,992,131	34,065	2,361	4,028,557
Amortization	53,791	-	-	-	-	-	53,791	-	-	53,791
Miscellaneous	38,382	285	4,418	2,521	3,819	811	50,236	-	7,168	57,404
Total expenses by function	12,433,939	84,235	1,524,437	730,334	605,188	233,549	15,611,682	433,293	206,756	16,251,731
Less; special event expenses netted with revenues	-	-	-	-	-	-	-	-	(55,615)	(55,615)
Total expenses	<u>\$ 12,433,939</u>	<u>\$ 84,235</u>	<u>\$ 1,524,437</u>	<u>\$ 730,334</u>	<u>\$ 605,188</u>	<u>\$ 233,549</u>	<u>\$ 15,611,682</u>	<u>\$ 433,293</u>	<u>\$ 151,141</u>	<u>\$ 16,196,116</u>

See notes to consolidated financial statements.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

Cash flows from operating activities:

Change in net assets	\$ (1,235,212)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,082,348
Interest - amortization of debt issuance costs	276,303
Contributed land	(2,400,000)
Net change in value of investments	(8,818)
Income (loss) from interest rate swap	188,030
Loan forgiveness	(49,638)
Predevelopment costs written off	13,100
Decrease (increase) in operating assets:	
Accounts, contributions and grants receivable	(1,396,725)
Prepaid expenses	4,862
Tenant security deposits held in trust	(57,239)
Increase (decrease) in operating liabilities:	
Accounts payable and other accrued liabilities	(230,913)
Prepaid rents	29,653
Refundable security deposits	59,245
Accrued interest	92,562
Net cash flows from operating activities	<u>(632,442)</u>

Cash flows from investing activities:

Purchase of property and equipment	(28,923,619)
Payment of capitalized interest accrued	(270,642)
Proceeds from sale of investments	11,653
Purchase of investments	(109,384)
Acquisition costs paid for land held for development	(346,296)
Purchase of other assets (predevelopment)	(1,257,716)
Tax credit fees paid	(14,898)
Net cash flows from investing activities	<u>(30,910,902)</u>
	(Continued)

See notes to consolidated financial statements.

**COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2025**

Cash flows from financing activities:

Proceeds from borrowings	\$ 37,247,423
Principal payments on notes payable	(23,080,846)
Debt issuance costs paid	(1,552,269)
Syndication costs	(75,000)
Capital contributions from limited partners	28,526,070
Capital distributions to limited partners	(8,694)
Net cash flows from financing activities	<u>41,056,684</u>

Net change in cash and cash equivalents	9,513,340
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Cash and cash equivalents - beginning of year	<u>16,057,786</u>
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Cash and cash equivalents - end of year	<u><u>\$ 25,571,126</u></u>
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Cash - operations and restricted deposits and reserves:

Cash - operations	\$ 5,278,890
Cash - restricted deposits and reserves	<u>20,292,236</u>
	<u><u>\$ 25,571,126</u></u>

Supplemental cash flow information:

Cash paid for interest charged to expense	\$ 2,848,960
Cash paid for capitalized interest	<u>1,263,097</u>
Total cash paid for interest incurred	<u><u>\$ 4,112,057</u></u>

Non-cash investing and financing transactions:

Additions to property and equipment through incurrence of -	
Reclassification from predevelopment costs	\$ 2,353,704
Accounts payable - developments	827,496
Amortization of debt issuance costs - capitalized	1,040,116

Additions to predevelopment costs through incurrence of -	
Accounts payable - developments	\$ 306,258
Accrued interest - capitalized	166,975

Additions to land held for development through incurrence of -	
Note payable	\$ 1,500,000
	(Concluded)

See notes to consolidated financial statements.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. THE ORGANIZATION

Community Partners of 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 its wholly owned subsidiaries own 645 units of affordable rental housing in twelve multifamily 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: CPAH supports its residents by providing 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 support 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. CPAH continues to pursue new affordable housing development opportunities as part of its ongoing work.

Asset Management: CPAH provides asset management for the 645 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.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

1. THE ORGANIZATION, Continued

CPAH has ownership in or is affiliated with various housing projects and entities (“Affiliated Entities”) that have been included in the consolidated financial statements. Affiliated Entities are grouped into the following three categories:

Wholly Owned Housing Projects

CPAH has 100% ownership of the following housing projects at December 31, 2025:

	Number of Units	Location
The Village at Washington Square Apartments	26	Tigard, Oregon
Greenburg Oaks Apartment - Villa La Paz LP	84	Tigard, Oregon
Oleson Woods LP	32	Tigard, Oregon
Watershed Apartments - Bertha Senior Housing LP	51	Portland, Oregon
Single-family homes	<u>3</u>	Tigard, Oregon
	<u>196</u>	

Single-Asset HUD Projects

CPAH is affiliated with two single-asset nonprofit corporations and shares common board membership and management. These corporations own and operate low-income housing projects subsidized by the U.S. Department of Housing and Urban Development (HUD). The Single-Asset HUD Projects’ rental rates and operating methods are regulated by HUD. In addition, distributions from the project assets are limited as provided in the HUD Regulatory Agreements. The Single-Asset HUD Projects include the following at December 31, 2025:

	Number of Units	Location
Metzger Park Apartments, Inc.	32	Tigard, Oregon
Preserve Spencer House, Inc.	<u>48</u>	Tigard, Oregon
	<u>80</u>	

Tax Credit Partnerships

The Tax Credit Partnerships include eight limited partnerships in which CPAH, or a single member LLC formed by CPAH as the general partner, holds controlling general partner interests. The Tax Credit Partnerships were organized to develop affordable housing units in conformity with the provisions of Section 42 of the Internal Revenue Code, which include, but are not limited to, compliance with tenant income eligibility and rent restrictions during a fifteen-year compliance period (“Compliance Period”). Pursuant to Section 42, each of these entities is subject to an extended use agreement that requires continued compliance with tenant eligibility and rent restrictions for a fifteen-year period after the initial Compliance Period. CPAH has an option to purchase the ownership interest owned by the limited partner in each of these entities at the end of the Compliance Period.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

1. THE ORGANIZATION, Continued

Tax Credit Partnerships, continued

The Tax Credit Partnerships at December 31, 2025, include the following:

General Partner Entity - Tax Credit Partnership	Number of Units	Location	Percentage Ownership
The Knoll GP, LLC -			100.00%
The Knoll at Tigard Limited Partnership	48	Tigard, Oregon	0.01%
CPAH Barcelona GP, LLC -			100.00%
The Barcelona at Beaverton Limited Partnership	47	Beaverton, Oregon	0.01%
CPAH Cedar Grove GP, LLC -			100.00%
CPAH Cedar Grove Limited Partnership	44	Beaverton, Oregon	0.01%
CPAH Red Rock Creek Commons GP, LLC -			100.00%
Red Rock Creek Commons Limited Partnership	48	Tigard, Oregon	0.01%
CPAH Joyce GP, LLC -			100.00%
CPAH Joyce Limited Partnership	66	Portland, Oregon	0.009%
CPAH Plambeck GP, LLC -			100.00%
CPAH Plambeck Gardens Limited Partnership	116	Tualatin, Oregon	0.0067%
CPAH Woodland GP, LLC -			100.00%
CPAH Woodland Hearth Limited Partnership	63	Tigard, Oregon	0.01%
CPAH Jamii, LLC -			100.00%
CPAH Jamii Court Limited Partnership	<u>96</u>	Portland, Oregon	0.009%
	<u>528</u>		

The construction of Plambeck Gardens was completed, and the project was placed in service in April 2025. The construction of Woodland Hearth and Jamii Court was in progress at December 31, 2025, and the expected completion dates are October 2026 and September 2027, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Community Partners of Affordable Housing and the Affiliated Entities (collectively, the Organization). The Affiliated Entities are included in the consolidated financial statements in accordance with generally accepted accounting principles because CPAH is deemed to be in control of each of these entities. All intercompany transactions and balances have been eliminated in consolidation.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Noncontrolling Interest

The amounts shown as noncontrolling interest represent the aggregate balance of the limited partners' interest in the Tax Credit Partnerships that are included in the consolidated financial statements.

Basis of Presentation

The consolidated financial statements are presented on the accrual basis. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 could differ from those estimates.

Accounting principles generally accepted in the United States of America require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* - 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Restricted Deposits and Reserves

The Organization is required by various regulatory, financing and partnership agreements to maintain restricted deposits and reserves in separate financial institution accounts. See Note 4.

Tenant Security Deposits Held in Trust

Tenant security deposits are refundable and are recognized as liabilities when received.

Investments

Investments are recorded at fair value with realized and unrealized gains and losses reported in the statement of activities. Gains and losses on securities sold are based on the specific identification method. Interest and dividends, net of related investment expenses, are recorded when earned.

Accounts Receivable

Accounts receivable primarily consist of tenant accounts receivable that are presented at amounts supported by recognized rental revenue and represent management's best estimate of amounts expected to be collected.

Contributions and Grants Receivable

Contributions and grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers history with donors and current economic and industry trends when determining the collectability of specific accounts. As a result, management determined that an allowance for doubtful accounts is not necessary.

Interest Rate Swap Agreement

The Organization uses an interest rate swap agreement to manage exposure to changes in interest rates on variable-rate debt. The swap agreement is recognized as either an asset or liability in the consolidated statement of financial position and is measured at fair value. Changes in the fair value of the swap agreement are recognized in the consolidated statement of activities. Net periodic settlements under the swap agreement are recorded as an adjustment to interest expense.

Investments in Tax Credit Partnerships

CPAH's partnership interests in the Tax Credit Partnerships are accounted for using the equity method in CPAH's stand-alone financial statements. Because the Tax Credit Partnerships are included in the accompanying financial statements, CPAH's investment balances and related equity method activity are eliminated in consolidation.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Land Held for Development

Land held for future affordable housing development is recorded at cost when purchased or at estimated fair value at the date of donation when contributed. Directly attributable acquisition and closing costs are capitalized. Land held for development is not depreciated. When development activities begin, eligible costs are transferred to the related project entity. Management reviews land held for development for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

On October 6, 2025, CPAH acquired land for the Torchwood South development, financed by a \$1.5 million note payable. Land and related acquisition costs totaled approximately \$1.8 million.

On November 13, 2025, CPAH acquired land from a local government entity for nominal consideration for the development of Jamii Court and recognized contributed land at its estimated fair value of \$2.4 million. Concurrently, CPAH sold the land to CPAH Jamii Court Limited Partnership for \$2.4 million under a promissory note. The related intercompany sale, promissory note, and any resulting gain have been eliminated in consolidation.

During 2025, a local government entity committed to contribute land for the Meadowlark Place development; however, the transfer had not closed and CPAH had not obtained control of the land as of December 31, 2025. Accordingly, no land or contribution revenue was recognized during 2025. The land transfer was completed on April 30, 2026, at which time the land was recorded at its estimated fair value of \$1.1 million. Concurrently, CPAH sold the land to CPAH Meadowlark Place Limited Partnership for \$1.1 million under a promissory note. See Note 16.

During 2025, a local government entity committed to contribute land for the Lombard West development, subject to future closing conditions. Because the transfer had not closed and CPAH had not obtained control of the land as of December 31, 2025, no land or contribution revenue was recognized during 2025. The fair value of the land had not yet been determined.

Predevelopment Costs

Predevelopment costs represent costs incurred in connection with future affordable housing developments. Such costs are capitalized when incurred and transferred to the related tax credit partnership upon formation of the partnership and closing of project financing. Costs related to projects that are no longer expected to proceed are expensed when that determination is made.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Tax Credits

The Tax Credit Partnerships have received an allocation of Low-Income Housing Tax Credits (“LIHTC”) for their qualifying rental properties. The benefits of the LIHTC are provided to the Tax Credit Partnerships’ partners through the Tax Credit Partnerships’ annual federal income tax return filings and are not reflected in the accompanying financial statements.

The LIHTC is a 15-year credit that is generally claimed by the Tax Credit Partnerships 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 Partnerships may only lease qualified units to tenants who meet certain income restrictions and whose rent payments are also restricted under guidelines set by the Internal Revenue Service. Pursuant to Section 42, the Tax Credit Partnerships are subject to an extended use agreement that requires compliance with tenant eligibility and rent restrictions for an additional 15-year period after the initial compliance period. Because the LIHTC is subject to compliance with certain requirements, there can be no assurance that the aggregate amount of LIHTC will be realized. Failure to maintain compliance with occupant eligibility or unit gross rent requirements, or to correct noncompliance within a specified time period, could result in the loss of LIHTC and the recapture of previously claimed LIHTC plus interest.

Tax Credit Fees

Tax credit fees are recorded at cost and are amortized using the straight-line method over the fifteen-year tax credit compliance period of the respective Tax Credit Partnerships. Accumulated amortization was \$333,718 at December 31, 2025. Amortization was \$53,791 for the year ended December 31, 2025. Amortization of tax credit fees will be \$53,759 in 2026 and \$49,875 each year from 2027 through 2030.

Leases

The Organization determines if an arrangement is or contains a lease at inception under FASB ASC 842, *Leases*. The Organization does not recognize right-of-use assets or lease liabilities for short-term leases with terms of 12 months or less. Lease payments are recognized as lease expense on a straight-line basis over the lease term. The Organization’s leases primarily consist of long-term land, parking, and utility vault arrangements associated with affordable housing properties. Annual lease payments under these arrangements are immaterial, as discussed in Note 14. There were no right-of-use assets or lease liabilities recorded at December 31, 2025.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are 15-40 years for buildings and improvements, 15-20 years for land improvements and leasehold improvements, and 5-15 years for furniture and equipment.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment, continued

Interest costs incurred during the construction period are capitalized as part of the cost of the related property. Capitalization begins when construction activities are in progress and expenditures have been incurred and continues until the asset is substantially complete and ready for its intended use. Interest costs not capitalized are expensed as incurred. Interest capitalized was approximately \$1,663,000 the year ended December 31, 2025.

Impairment of Long-Lived Assets

Management reviews its real property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the year ended December 31, 2025.

Debt Issuance Costs

Debt issuance costs are being amortized using the straight-line method over the terms of the related notes. Accounting principles generally accepted in the United States of America require the effective yield method to be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would be obtained using the effective yield method. Amortization of debt issuance costs of \$1,316,419 for the year ended December 31, 2025, of which \$1,040,116 is capitalized as property and equipment in the consolidated statement of financial position and \$276,303 is included in interest expense in the consolidated statement of activities. Accumulated amortization of debt issuance costs was \$1,560,895 at December 31, 2025.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions and grants: Contributions and grants, which include unconditional promises to give, are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Government grants are conditioned upon certain performance requirements and/or incurring 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 qualifying expenditures are reported as advances in the statement of financial position. There were no advances at December 31, 2025.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, continued

Special events: The Organization records special events revenue equal to the fair value of direct benefits to donors and records contribution income for the excess received when the event takes place. Sponsorships are recorded as revenue at the time of the commitment unless commensurate value is included as part of the agreements. The portion of sponsorship revenue that relates to commensurate value received by the sponsor in return is recognized when the related events are held and performance obligations are met.

Donated assets and services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the time of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donation to a specific purpose. The Organization 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.

Residential rental income: Residential rental income is recognized on a straight-line basis over the term of the lease when collectability of lease payments is probable at lease commencement. If collectability is not probable, rental income is recognized based on cash received, not to exceed the amount that would have been recognized if collectability had been probable. Other tenant charges, including laundry, vending, pet and parking fees, and damages, are ancillary to the lease arrangement and are recognized as revenue when earned and collectible.

Residential rental income includes Single Asset HUD Projects' rental subsidy income under the terms of the Housing Assistance Payment Contract with HUD that is recognized when management has reasonable assurance that the subsidy requests have been approved and that the funds will be received. Rental subsidy income from HUD was \$350,374 for the year ended December 31, 2025.

Development fees: CPAH earns fees for development of properties and generally recognizes development fees as earned over the period of development. Development fees earned cover development costs plus a profit margin. Development fees earned in excess of actual development costs incurred have been eliminated in consolidation.

Management fees: CPAH provides resident services, asset management and partnership management services for Affiliated Entities. Income is earned in accordance with the terms of the agreements and recorded as revenue when earned. Such intercompany revenue has been eliminated in the consolidated financial statements.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on employees' time incurred and usage of resources.

Federal and State Taxes

The Organization follows the provisions of FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated CPAH's and the Affiliated Entities' tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this Topic.

CPAH and affiliated nonprofit corporations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes and did not have any unrelated business income for the year ended December 31, 2025. The partnerships in which CPAH owns 100% of the partnership interests included in the Wholly Owned Housing Projects are considered disregarded entities for tax purposes and included in CPAH's tax returns. Due to their tax-exempt status, these nonprofit corporations are not subject to income taxes. Accordingly, these financial statements do not reflect a provision for income taxes, and there are no other tax positions that must be considered for disclosure. The Organization is required to file tax returns with the IRS and other taxing authorities.

The Tax Credit Partnerships are taxable entities; however, each entity has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and reported by the partners or members on their respective income tax returns. The Tax Credit Partnerships' federal tax status is based on their legal status as partnerships. Accordingly, the Tax Credit Partnerships are not required to take any tax positions in order to qualify as pass-through entities. These financial statements do not reflect a provision for income taxes, and the Tax Credit Partnerships have no other tax positions that must be considered for disclosure. The Tax Credit Partnerships are required to file tax returns with the Internal Revenue Service and other taxing authorities.

Income tax returns filed by each of the entities are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2022 remain open and subject to examination.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization 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, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use. The financial assets available for general expenditure are as follows at December 31, 2025:

Cash and cash equivalents - unrestricted	\$ 5,278,890
Accounts receivable	515,593
Contributions receivable	1,404,383
Investments	<u>181,668</u>
Total financial assets	7,380,534
Less amounts unavailable for general expenditure:	
Net assets with donor restrictions	(449,895)
Board designations	<u>(1,095,470)</u>
Financial assets available for general expenditure	<u>\$ 5,835,169</u>

The Organization has adequate financial resources to pay its current obligations when due and expects to generate sufficient cash flow from operations to continue the normal operation of major programs. The board-designated operating reserve is available for spending when approved by the board of directors. Also, see Note 9 for information about the Organization's line of credit.

The resources of the Affiliated Entities are not available for general purposes of CPAH. Such resources are only available for use by the specific entity that holds the resources. Allowable distributions to CPAH from these entities are determined by the respective regulatory and operating agreements. Financial assets available for general expenditures by the Affiliated Entities are as follows at December 31, 2025:

CPAH	\$ 2,849,834
Wholly-Owned Housing Projects	567,610
Single-Asset HUD projects	85,789
Tax Credit Partnerships	<u>2,331,936</u>
Financial assets available for general expenditure	<u>\$ 5,835,169</u>

In addition to the current resources summarized above, each of the Affiliated Entities has restricted deposits available to fund operating deficits, capital expenditures, and similar needs, as more fully described in Note 4.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

4. RESTRICTED DEPOSITS AND RESERVES

Restricted deposits and reserves at December 31, 2025 included the following:

Operating reserves	\$ 1,548,704
Replacement reserves	1,444,534
Residual receipts accounts	18,156
Mortgage escrow deposits	270,780
Construction reserves	17,000,062
Other reserves	10,000
Total restricted deposits and reserves	<u>\$ 20,292,236</u>

Operating Reserves

Operating reserves are required by certain organizational agreements of Tax Credit Partnerships. 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 limited partners.

Replacement Reserves

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

Residual Receipts Accounts

Pursuant to the HUD Regulatory Agreement, Preserve Spencer House, Inc. is required to establish and maintain a residual receipts account. Any surplus cash at year-end must be deposited into the residual receipts account within 90 days following fiscal year-end. Funds held in the residual receipts account may be used only for purposes approved by HUD.

Mortgage Escrow Deposits

Affiliated Entities maintain mortgage escrow deposits sufficient to pay property insurance and mortgage insurance premiums when due.

Construction Reserves

Construction reserves represent unspent construction and development loan proceeds to be used to complete ongoing construction.

Other Reserves

Other reserves include funds set aside by certain Tax Credit Partnerships in anticipation of required future secondary debt payments and potential revenue deficits.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

5. INVESTMENTS

Investments at December 31, 2025 consist of the following:

Cash equivalents	\$ 33,667
U.S. Treasury bill	9,973
Common stocks	92,820
Exchange-traded funds	45,208
Total investments	<u>\$ 181,668</u>

6. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable represent unconditional promises to give and are due as follows at December 31, 2025:

Within one year	\$ 1,276,662
Within two to five years	127,721
Total contributions and grants receivable	<u>\$ 1,404,383</u>

7. INTEREST RATE SWAP AGREEMENT

In 2021, the Organization entered into an interest rate swap contract associated with variable-rate mortgage debt of the Wholly Owned Housing Projects. The contract terminates on January 1, 2032, and had a notional amount of \$4,491,278 at December 31, 2025. Under the contract, the Organization pays interest at a fixed rate of 3.750% and receives interest at a variable rate based on the related mortgage. The swap is intended to economically convert the related variable-rate mortgage debt to a fixed-rate obligation. The contract does not require the Organization to post collateral, and management does not believe the Organization is exposed to significant credit risk related to counterparty nonperformance. The fair value of the contract was \$401,421 at December 31, 2025, and is included as an asset in the consolidated statements of financial position. Changes in fair value resulted in a loss of \$188,221 for the year ended December 31, 2025, and is included in the consolidated statements of activities. Net payments received under the swap contract were approximately \$119,500 for the year ended December 31, 2025, and were recorded as reductions of interest expense.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2025:

Land and site improvements	\$ 17,429,976
Buildings and improvements	147,433,485
Furnishings and equipment	3,188,789
Construction in progress	<u>25,745,663</u>
Total property and equipment	193,797,913
Accumulated depreciation	<u>(35,318,214)</u>
Property and equipment, net	<u><u>\$ 158,479,699</u></u>

9. LINE OF CREDIT

The Organization has a stand-alone revolving line of credit with Heritage Bank with a maximum borrowing capacity of \$500,000. Interest on the line is payable monthly at 6.75% at December 31, 2025. The line matures on August 22, 2026, and is unsecured. There were no advances at December 31, 2025.

10. MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable at December 31, 2025 were as follows:

Washington County

Notes payable financed with Metro Housing Bonds, interest ranging from 0% to 1%, principal and accrued interest due at maturity ranging from 2080 to 2082	\$ 20,365,738
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Notes payable financed through HOME Investment Partnership Program, interest ranging from 0% to 3%, principal and accrued interest due at maturity ranging from 2036 to 2080	10,142,102
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Notes payable financed through Community Development and Block Grant, interest at 1%, principal and accrued interest due at maturity in 2046	<u>229,900</u>
	<u><u>30,737,740</u></u>

Oregon Housing Community Services ("OHCS")

Note payable financed with 2019 Series L-1 Bonds, monthly installments of \$16,641, including principal and interest 3.61%, with a balloon payment at maturity in 2039	3,714,277
	<i>(Continued)</i>

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

10. MORTGAGES AND NOTES PAYABLE, Continued

Oregon Housing Community Services ("OHCS"), continued

Note payable financed with 2023 Series DD Bonds, monthly installment of \$9,938 including principal and interest at 3.96% with a balloon payment at maturity in 2041	\$ 2,203,251
Note payable financed with Development Revenue Bonds, monthly interest only payments at a variable rate (6.122% at December 31, 2025) and principal balance due at maturity in 2063	10,200,000
Construction loan financed with Development Revenue Bonds, paid down to \$3,990,763 and converted into a permanent loan in November 2025, monthly interest only payments at a variable rate of 6.122% and principal balance due at maturity in 2063	3,990,763
Note payable financed with 2024 Series S-1 Bonds, monthly interest only payments at 6.45% beginning February 2025, quarterly sinking fund payments of principal beginning in 2029 within a balloon payment at maturity in 2064	7,595,000
Note payable financed with 2024 Series S-2 Bonds with a remaining borrowing capacity of \$10,780,000, monthly interest only payments at a variable rate (6.64% at December 31, 2025) beginning February 2025 and principal balance due at maturity in 2029	6,125,000
Note payable financed with 2025 Series K-1 Bonds, monthly interest only payments at 6.47% beginning January 2026, quarterly sinking fund payments of principal beginning in 2030 with a balloon payment at maturity in 2065	6,130,000
Note payable financed with 2025 Series K-2 Bonds with a remaining borrowing capacity of \$26,370,000, monthly interest only payments at a variable rate beginning January 2026 and principal balance due at maturity in 2028	-
Notes payable financed through Housing Trust Fund (HTF) Program, interest ranging 0% - 2%, principal and accrued interest due at maturity ranging from 2053 to 2057	8,671,017
Notes payable financed through Local Innovation and Fast Track (LIFT) Housing Program, interest at 0%, principal due at maturity ranging from 2051 to 2057	4,213,088
	(Continued)

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

10. MORTGAGES AND NOTES PAYABLE, Continued

Oregon Housing Community Services ("OHCS"), continued

Note payable interest at 0%, principal due at maturity in 2061	\$ 1,604,917
Note payable financed through HOME Investment Partnership Program, interest at 3%, principal and accrued interest due at maturity in 2036	100,000
	<u>54,547,313</u>

Portland Housing Bureau

Mortgage loan financed with South Park Blocks Urban renewal Area Tax Increment Bonds, interest 0%, principal payments out of cash flows, maturing 2079	8,141,055
Notes payable, interest ranging 0%-1%, principal and accrued interest out of project cash flow, maturing 2058- 2088	1,814,638
	<u>9,955,693</u>

Beneficial State Bank

Mortgage payable in monthly installments of \$8,038, interest 5.97%, maturing 2035	1,338,501
	<u>1,338,501</u>

Columbia Bank

Mortgage payable monthly installment of \$3,626, interest 4.25%, matured in 2026. Lender granted deferment, and management is seeking refinancing option.	634,698
	<u>634,698</u>

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	5,404,223
	<u>5,404,223</u>

Walker & Dunlop

Mortgage payable in monthly installments of \$8,276, including principal and interest at 3.95%, maturing 2053	1,680,824
	<u>1,680,824</u>

City of Tualatin

Notes payable, interest 0%, principal payable at maturity in 2080	1,000,000
	<u>1,000,000</u>

Community Housing Fund

Note payable, interest 5%, principal and accrued interest due at maturity in 2028	1,500,000
	<u>1,500,000</u>
	(Continued)

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

10. MORTGAGES AND NOTES PAYABLE, Continued

Corporation for Supportive Housing

Note payable, interest 7%, principal and accrued interest due at maturity in 2027	\$ 1,550,000
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Network for Oregon Affordable Housing

Mortgages payable in aggregate monthly installments of \$27,813, interest ranging from 2.75% - 4.75%, maturing 2036 - 2042	\$ 5,001,182
Total mortgages and notes payable	113,350,174
Total unamortized debt issuance costs	(3,646,841)
Mortgages and notes payable, net of unamortized debt issuance costs	\$ 109,703,333
	(Concluded)

The above mortgages and notes payable are substantially collateralized by real properties included in property and equipment in the consolidated statements of financial position. A summary of mortgages and notes payable, net of unamortized debt issuance costs, by group of entities at December 31, 2025 is as follows:

CPAH	\$ 3,954,078
Wholly-Owned Housing Projects	9,657,328
Single-Asset HUD projects	2,883,579
Tax Credit Partnerships	93,208,348
Total mortgages and notes payable	\$ 109,703,333

Principal payments due and amortization of debt issuance costs over the next five years and thereafter are as follows:

	Principal Payments Due	Amortization of Debt Issuance costs
Year ending December 31, 2026	\$ 2,652,506	\$ (567,090)
2027	484,083	(567,090)
2028	2,001,195	(388,257)
2029	6,676,502	(212,330)
2030	617,086	(90,073)
Thereafter	100,918,802	(1,822,001)
	\$ 113,350,174	\$ (3,646,841)

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

11. BOARD DESIGNATED NET ASSETS

At December 31, 2025, CPAH's Board of Directors had designated \$1,095,470 of net assets without donor restrictions – controlling interest for CPAH's operating reserves.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2025:

Purpose restrictions:

Housing education & outreach	\$ 57,374
Resident services	150,709
Supportive housing services	<u>241,812</u>
Total net assets with donor restrictions	<u>\$ 449,895</u>

13. EMPLOYEE BENEFIT 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. Employer contributions to the plan were \$91,660 for the year ended December 31, 2025.

14. COMMITMENTS AND CONTINGENCIES

Lease Commitments

CPAH Barcelona at Beaverton Limited Partnership leases land and parking under the terms of a noncancelable operating lease. The lease term is 75 years, beginning in October 2014 and ending in October 2089, with an option to extend the lease for an additional 24 years. The lease requires annual payments of \$30. If the land ceases to be used as multifamily housing primarily for persons of lower income, the minimum rent increases to \$12,000 per year, stated in 2015 dollars and 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 with the City of Portland. The utility vault lease has an initial term of 30 years beginning on the effective date, with options to renew for two additional successive 30-year terms, for a total potential lease term of 90 years. Annual rent of \$1 is due and payable in arrears beginning on the commencement date.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

14. COMMITMENTS AND CONTINGENCIES, Continued

Construction Commitments

Certain Tax Credit Partnerships have entered into construction contracts totaling approximately \$69,642,000 related to the Woodland Hearth and Jamii Court projects. As of December 31, 2025, approximately \$18,297,000 of the contracted work had been completed, resulting in remaining construction commitments of approximately \$51,345,000.

Grants and Property Use Restrictions

Certain properties operated by the 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 qualified low-income tenants for the period of the grant or related loan term. Failure to comply with the terms of the grants or 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.

Property Tax Exemption

The Organization's 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 have not been determined. In the opinion of management, the projects will continue to be granted exemption from real property taxes.

Tax Credit Partnerships

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

15. RISKS AND UNCERTAINTIES

The Organization maintains its cash balances with banks and other financial institutions, which may exceed depository insurance limits. The Organization and Affiliated Entities have not experienced any losses from these accounts and do not believe they are exposed to significant credit risk.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

15. **RISKS AND UNCERTAINTIES, Continued**

Credit risk for CPAH's contributions receivable is concentrated at December 31, 2025, with 80% of the balance due from two organizations. CPAH's revenues are concentrated with 54% of total revenues coming from three sources for the year ended December 31, 2025.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Organization'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 costs, including the additional administrative burden required to comply with a change.

16. **SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring after December 31, 2025 through August 21, 2026, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and has determined that the following subsequent events require disclosure:

The Knoll Ownership Transition

During 2026, following completion of The Knoll's 15-year Low-Income Housing Tax Credit compliance period, the investor limited partner's ownership interest was transferred to CPAH for no substantial consideration. At December 31, 2025, the related noncontrolling interest was approximately \$2.2 million. As a result of the transfer, The Knoll became wholly owned by CPAH subsequent to year-end.

Meadowlark Place Development

Effective April 1, 2026, Meadowlark Place Limited Partnership was formed to develop Meadowlark Place, an affordable housing project. On April 29, 2026, the partnership entered into a construction loan agreement with U.S. Bank for financing of up to \$23,340,000. In connection with formation and development activities, the existing Meadowlark predevelopment loan with Community Housing Strategies, Inc. was repaid, and the related HOME predevelopment loan was partially forgiven, with the remaining balance converted to a related-party loan payable by Meadowlark Place Limited Partnership.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

17. FAIR VALUE MEASUREMENTS

Assets and liabilities, including investments, are recorded at fair value in the statement of financial position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Fair value hierarchy levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at December 31, 2025 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments recorded at fair value:			
U.S. Treasury bill	\$ 9,973	\$ 9,973	\$ -
Common stocks	92,820	92,820	-
Exchange-traded funds	45,208	45,208	-
Interest rate swap agreement	<u>401,421</u>	<u>-</u>	<u>401,421</u>
Total assets at fair value	<u>\$ 549,422</u>	<u>\$ 148,001</u>	<u>\$ 401,421</u>

The fair values of U.S. Treasury bills, common stocks, and exchange-traded funds are determined by reference to quoted market prices or other relevant market data as provided by the bank or broker. The fair value of the interest rate swap agreement is determined using observable market-based inputs, including forward interest rate yield curves and other relevant market data, and is classified as Level 2 within the fair value hierarchy.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2025

18. RESTATEMENT OF NET ASSETS AT DECEMBER 31, 2024

The net assets at December 31, 2024 have been restated to reflect the following adjustments:

	As Previously Reported	Adjustments	As Restated
Net Assets without Donor Restrictions:			
Controlling interest	\$ 16,166,318	\$ 3,229,244	\$ 19,395,562
Noncontrolling interest	27,643,228	(1,231,170)	26,412,058
Total net assets without donor restrictions	43,809,546	1,998,074	45,807,620
Net assets with donor restrictions	312,121	-	312,121
Total net assets	<u>\$ 44,121,667</u>	<u>\$ 1,998,074</u>	<u>\$ 46,119,741</u>

Net assets without donor restrictions increased by \$1,998,074 to correct prior-year consolidation eliminating entries related to land and beginning net assets as of December 31, 2024. The adjustment reflects management's determination that certain prior-year eliminations did not properly reflect the Organization's consolidated basis in the related land balances and net asset accounts.

Controlling interest and noncontrolling interest balances at December 31, 2024 were reclassified by \$1,231,170 to align the noncontrolling interest balances with the investor partners' capital account balances of the Tax Credit Partnerships included in consolidation. This reclassification affected only the presentation between controlling and noncontrolling interests and did not change total consolidated net assets.

CONSOLIDATING INFORMATION

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
SCHEDULE I
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2025

	CPAH	Wholly Owned Housing Projects	Single Asset HUD Projects	Tax Credit Partnerships	Eliminating Entries	Consolidated Total
ASSETS						
Cash and cash equivalents	\$ 3,754,796	\$ 505,998	\$ 79,167	\$ 938,929	\$ -	\$ 5,278,890
Restricted deposits and reserves	-	781,546	363,267	19,147,423	-	20,292,236
Tenant security deposits held in trust	-	123,127	38,856	194,011	-	355,994
Investments	181,668	-	-	-	-	181,668
Accounts receivable	84,437	61,612	6,622	362,922	-	515,593
Contributions and grants receivable	1,404,383	-	-	-	-	1,404,383
Prepaid expenses	39,397	17,202	1,142	68,813	-	126,554
Interest rate swap agreement	-	401,421	-	-	-	401,421
Investments in Tax Credit Partnerships	3,352,547	-	-	-	(3,352,547)	-
Related party receivable	33,070,474	-	-	-	(33,070,474)	-
Land held for development	1,846,296	-	-	-	-	1,846,296
Predevelopment costs	3,112,168	-	-	-	-	3,112,168
Tax credit fees, net	-	-	-	852,992	-	852,992
Property and equipment:						
Land and land improvements	11,865	3,254,327	601,326	16,577,198	(3,014,740)	17,429,976
Buildings and improvements	1,592,197	33,072,625	8,555,566	125,072,019	(20,858,922)	147,433,485
Furnishings and equipment	794,407	756,548	148,408	1,489,426	-	3,188,789
Construction in progress	-	-	-	31,535,401	(5,789,738)	25,745,663
Total property and equipment	2,398,469	37,083,500	9,305,300	174,674,044	(29,663,400)	193,797,913
Less accumulated depreciation	(1,195,943)	(18,635,209)	(3,852,294)	(14,567,669)	2,932,901	(35,318,214)
Property and equipment, net	1,202,526	18,448,291	5,453,006	160,106,375	(26,730,499)	158,479,699
TOTAL ASSETS	<u>\$ 48,048,692</u>	<u>\$ 20,339,197</u>	<u>\$ 5,942,060</u>	<u>\$ 181,671,465</u>	<u>\$ (63,153,520)</u>	<u>\$ 192,847,894</u>

(Continued)

See independent auditor's report.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
SCHEDULE I
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2025

	CPAH	Wholly Owned Housing Projects	Single Asset HUD Projects	Tax Credit Partnerships	Eliminating Entries	Consolidated Total
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	\$ 313,426	\$ 90,543	\$ 45,003	\$ 245,958	\$ -	\$ 694,930
Accounts payable - developments	306,258	-	-	7,025,298	-	7,331,556
Prepaid rents	-	15,304	2,335	60,204	-	77,843
Refundable security deposits	-	123,460	38,856	204,333	-	366,649
Related party payable	-	(255,832)	35,901	12,552,445	(12,332,514)	-
Accrued interest	166,975	678,648	79,071	2,643,639	(2,221,655)	1,346,678
Mortgage and notes payable, net	3,954,078	15,998,997	2,883,579	105,382,984	(18,516,305)	109,703,333
Total liabilities	<u>4,740,737</u>	<u>16,651,120</u>	<u>3,084,745</u>	<u>128,114,861</u>	<u>(33,070,474)</u>	<u>119,520,989</u>
Net assets (deficit):						
Without donor restrictions:						
Controlling interests	41,831,975	3,688,077	2,857,315	3,572,547	(29,056,961)	22,892,953
Noncontrolling interests	-	-	-	49,984,057	-	49,984,057
Total without donor restrictions	41,831,975	3,688,077	2,857,315	53,556,604	(29,056,961)	72,877,010
Net assets with donor restrictions	1,475,980	-	-	-	(1,026,085)	449,895
Total net assets	<u>43,307,955</u>	<u>3,688,077</u>	<u>2,857,315</u>	<u>53,556,604</u>	<u>(30,083,046)</u>	<u>73,326,905</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 48,048,692</u></u>	<u><u>\$ 20,339,197</u></u>	<u><u>\$ 5,942,060</u></u>	<u><u>\$ 181,671,465</u></u>	<u><u>\$ (63,153,520)</u></u>	<u><u>\$ 192,847,894</u></u>
						(Concluded)

See independent auditor's report.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

	<u>CPAH</u>	<u>Wholly Owned Housing Projects</u>	<u>Single Asset HUD Projects</u>	<u>Tax Credit Partnerships</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Change in net assets without donor restrictions:						
Support and revenue:						
Contributions and grants	\$ 3,005,498	\$ -	\$ -	\$ -	\$ 1,026,085	\$ 4,031,583
Contributed land	2,400,000	-	-	-	-	2,400,000
Special events, net	187,810	-	-	-	-	187,810
Rental income and other tenant charges	-	2,527,657	1,002,707	4,129,641	-	7,660,005
Development fees	6,926,237	-	-	-	(6,926,237)	-
Management fees	428,082	-	-	-	(428,082)	-
Investment income	709,884	4,203	25	395,791	(623,213)	486,690
Income (loss) from interest rate swap	-	(188,221)	-	-	-	(188,221)
Loss from equity investments	(383)	-	-	-	383	-
Loan forgiveness	-	-	49,638	-	-	49,638
Miscellaneous income	6,445	-	-	-	-	6,445
Net assets released from restrictions	189,180	-	-	-	-	189,180
Total support and revenue	<u>13,852,753</u>	<u>2,343,639</u>	<u>1,052,370</u>	<u>4,525,432</u>	<u>(6,951,064)</u>	<u>14,823,130</u>
						(Continued)

See independent auditor's report.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

	<u>CPAH</u>	<u>Wholly Owned Housing Projects</u>	<u>Single Asset HUD Projects</u>	<u>Tax Credit Partnerships</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Expenses:						
Program services						
Property operations	\$ -	\$ 3,292,164	\$ 1,124,060	\$ 9,396,192	\$ (1,378,477)	\$ 12,433,939
Housing education & outreach	84,235	-	-	-	-	84,235
Resident services	1,524,437	-	-	-	-	1,524,437
Supportive housing services	730,334	-	-	-	-	730,334
Housing development	605,188	-	-	-	-	605,188
Asset management	233,549	-	-	-	-	233,549
Total program services	3,177,743	3,292,164	1,124,060	9,396,192	(1,378,477)	15,611,682
Support services:						
Management and general	433,293	-	-	-	-	433,293
Fundraising	151,141	-	-	-	-	151,141
Total expenses	3,762,177	3,292,164	1,124,060	9,396,192	(1,378,477)	16,196,116
Change in net assets without donor restrictions	10,090,576	(948,525)	(71,690)	(4,870,760)	(5,572,587)	(1,372,986)
						(Continued)

See independent auditor's report.

COMMUNITY PARTNERS OF AFFORDABLE HOUSING
AND AFFILIATED ENTITIES
SCHEDULE II
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

	<u>CPAH</u>	<u>Wholly Owned Housing Projects</u>	<u>Single Asset HUD Projects</u>	<u>Tax Credit Partnerships</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Change in net assets with donor restrictions:						
Contributions and grants	\$ 1,353,039	\$ -	\$ -	\$ -	\$ (1,026,085)	\$ 326,954
Net assets released from restrictions	<u>(189,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,180)</u>
Change in net asset with donor restrictions	<u>1,163,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,026,085)</u>	<u>137,774</u>
Change in net assets	11,254,435	(948,525)	(71,690)	(4,870,760)	(6,598,672)	(1,235,212)
Net assets:						
Beginning of year - restated	32,053,520	4,636,602	2,929,005	29,984,788	(23,484,174)	46,119,741
Contributions	-	-	-	28,526,270	(200)	28,526,070
Distributions	-	-	-	(8,694)	-	(8,694)
Syndication costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
End of year	<u>\$ 43,307,955</u>	<u>\$ 3,688,077</u>	<u>\$ 2,857,315</u>	<u>\$ 53,556,604</u>	<u>\$ (30,083,046)</u>	<u>\$ 73,326,905</u>
						(Concluded)

See independent auditor's report.