

**VALLEY HOUSING
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**WITH
REPORT OF INDEPENDENT AUDITORS**

VALLEY HOUSING DEVELOPMENT CORPORATION
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FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors of
Valley Housing Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Valley Housing Development Corporation as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of 100 South Third Street Associates - PHFA No. O-0143, Turner Street Associates - PHFA No. H-0013, and Gordon Street Associates - PHFA No. O-0080, which statements reflect cumulative total assets as of December 31, 2020 and 2019 of \$2 million for both years, and cumulative total revenues for the years ended December 31, 2020 and 2019 of \$0.5 million for both years. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for 100 South Third Street Associates - PHFA No. O-0143, Turner Street Associates - PHFA No. H-0013, and Gordon Street Associates - PHFA No. O-0080, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Valley Housing Development Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Valley Housing Development Corporation's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Valley Housing Development Corporation as of December 31, 2020 and 2019, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statements of financial position and combining statements of activities are not a required part of the financial statements and are presented for the purposes of additional analysis. 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Novogradac & Company LLP

September 13, 2021
Toms River, New Jersey

FINANCIAL STATEMENTS

VALLEY HOUSING DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 2,587,827	\$ 2,648,760
Tenant security deposits	382,876	410,801
Accounts receivable, net	565,645	185,865
Prepaid expenses	<u>52,721</u>	<u>49,041</u>
Total current assets	<u>3,589,069</u>	<u>3,294,467</u>
Non-current assets:		
Restricted cash	399,455	361,796
Accounts receivable non-current, net	36,023	36,023
Notes receivable, net	3,609,364	3,471,041
Accrued interest receivable, net	1,006,768	1,313,478
Developer fees receivable, net	92,336	118,419
Property and equipment, net	<u>2,557,511</u>	<u>2,726,202</u>
Total non-current assets	<u>7,701,457</u>	<u>8,026,959</u>
Total assets	<u>\$ 11,290,526</u>	<u>\$ 11,321,426</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 569,931	\$ 15,893
Accrued expenses	145,147	137,156
Prepaid rents	10,795	8,701
Security deposits payable	376,047	403,978
Current portion of notes payable	<u>799,048</u>	<u>799,048</u>
Total current liabilities	<u>1,900,968</u>	<u>1,364,776</u>
Non-current liabilities:		
Notes payable, net, excluding current portion	<u>241,999</u>	<u>241,999</u>
Total liabilities	<u>2,142,967</u>	<u>1,606,775</u>
Net assets:		
Without donor restrictions	<u>9,147,559</u>	<u>9,714,651</u>
Total liabilities and net assets	<u>\$ 11,290,526</u>	<u>\$ 11,321,426</u>

See accompanying notes to financial statements.

VALLEY HOUSING DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

	<u>2020</u>	<u>2019</u>
Support and revenue:		
Rental income, net of vacancies	\$ 718,648	\$ 812,021
Government contracts and grants	677,677	737,089
Interest income	456,535	462,558
Other revenue	<u>377,354</u>	<u>583,208</u>
Total support and revenue	<u>2,230,214</u>	<u>2,594,876</u>
Expenses:		
Program services	1,606,227	1,959,840
Management and general	<u>125,645</u>	<u>80,640</u>
Total expenses	<u>1,731,872</u>	<u>2,040,480</u>
Change in net assets without donor imposed restrictions	498,342	554,396
Transfer of net assets from entities under common control	(865,046)	639,609
Loss on sale of assets, net	<u>(200,388)</u>	<u>-</u>
Net assets, beginning of year	<u>9,714,651</u>	<u>8,520,646</u>
Net assets, end of year	<u>\$ 9,147,559</u>	<u>\$ 9,714,651</u>

See accompanying notes to financial statements.

VALLEY HOUSING DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>December 31, 2020</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 139,195	\$ 28,510	\$ 167,705
Utilities	126,478	-	126,478
Office expense	83,127	17,026	100,153
Professional fees	83,314	20,829	104,143
Insurance	66,009	16,502	82,511
Maintenance	382,436	-	382,436
Interest and financing costs	49,876	-	49,876
Depreciation	205,236	-	205,236
Rental property expense	291,280	-	291,280
Real estate taxes	127,590	-	127,590
Partnership transfer fees	-	42,778	42,778
Bad debt expense	<u>51,686</u>	<u>-</u>	<u>51,686</u>
 Total expenses	 <u>\$ 1,606,227</u>	 <u>\$ 125,645</u>	 <u>\$ 1,731,872</u>

<u>December 31, 2019</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 132,302	\$ 27,098	\$ 159,400
Utilities	157,852	-	157,852
Office expense	78,787	16,137	94,924
Professional fees	71,560	17,890	89,450
Insurance	78,059	19,515	97,574
Maintenance	515,908	-	515,908
Interest and financing costs	45,413	-	45,413
Depreciation	171,488	-	171,488
Rental property expense	309,500	-	309,500
Real estate taxes	162,446	-	162,446
Bad debt expense	<u>236,525</u>	<u>-</u>	<u>236,525</u>
 Total expenses	 <u>\$ 1,959,840</u>	 <u>\$ 80,640</u>	 <u>\$ 2,040,480</u>

See accompanying notes to financial statements.

VALLEY HOUSING DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash received from support and revenue	\$ 1,590,290	\$ 1,884,498
Interest received	8,730	14,228
Cash paid to suppliers and employees	(1,682,722)	(1,835,902)
Interest paid	<u>(49,876)</u>	<u>(45,413)</u>
Net cash (used in) provided by operating activities	<u>(133,578)</u>	<u>17,411</u>
Cash Flows from Investing Activities:		
Advances on notes receivable	(21,625)	(265,601)
Repayments of notes receivable	103,929	59,533
Proceeds from the sale of property	36,662	728,173
Property and equipment purchases	<u>(36,587)</u>	<u>(8,650)</u>
Net cash provided by investing activities	<u>82,379</u>	<u>513,455</u>
Cash Flows from Financing Activities:		
Principal payments on mortgage	<u>-</u>	<u>(143,263)</u>
Net cash used in financing activities	<u>-</u>	<u>(143,263)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(51,199)	387,603
Cash, cash equivalents, and restricted cash, beginning of year	<u>3,421,357</u>	<u>3,033,754</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 3,370,158</u>	<u>\$ 3,421,357</u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Financial Position		
Cash and cash equivalents	\$ 2,587,827	\$ 2,648,760
Restricted cash	399,455	361,796
Tenant security deposits	<u>382,876</u>	<u>410,801</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 3,370,158</u>	<u>\$ 3,421,357</u>
Schedule of non-cash investing and financing activities:		
Issuance of note receivable - seller financing	<u>\$ 400,000</u>	<u>\$ -</u>
Transfer of notes receivable and reduction of allowance for doubtful accounts upon property acquisition	<u>\$ 1,001,138</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VALLEY HOUSING DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	\$ 498,342	\$ 554,396
Items which did not use cash:		
Depreciation expense	205,236	171,488
Bad debt expense - tenants	8,386	2,822
Loss/(gain) on sale of capital assets	200,388	(444,144)
Interest income	(447,805)	(448,330)
Changes in operating assets and liabilities:		
Accounts receivable	(318,783)	221,819
Prepaid expenses	(3,680)	44,195
Accounts payable	(277,676)	(96,742)
Accrued expenses	7,991	35,120
Security deposits payable	(8,071)	(26,397)
Unearned revenue	<u>2,094</u>	<u>3,184</u>
Net cash (used in) provided by operating activities	<u>\$ (133,578)</u>	<u>\$ 17,411</u>

See accompanying notes to financial statements.

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Valley Housing Development Corporation ("VHDC" or "the Corporation") is a non-profit corporation exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. VHDC was formed to receive and administer funds to provide loans for housing for low and moderate income households that would otherwise be unable to find housing in the private market; provide transitional housing for low and moderate income households coming out of shelters for the homeless; and provide low cost rental housing for low and moderate income households.

100 South Third Street Associates - PHFA No. O-0143, Turner Street Associates - PHFA No. H-0013, Gordon Street Associates - PHFA No. O-0080 and 627 Hamilton Associates - PHFA No. O-0100 (the "entities") are all single member limited liability companies of which VHDC is the sole member. As a single member limited liability company, the entities are considered part of VHDC for financial reporting purposes and not wholly owned subsidiaries.

VHDC also holds general partner interests in numerous low income housing tax credit partnerships. VHDC is not responsible for, nor guarantees the debt of the partnerships and has no right to their operating results. VHDC manages the partnerships under management agreements with the limited partners which requires limited partner approval to sell assets, borrow funds and set budgets.

B. Basis of Accounting

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

C. Basis of Presentation

Basis of Presentation

The Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

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

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions that are restricted by the donor are reported as an increase to net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation (continued)

For the years ended December 31, 2020 and 2019, the Corporation had net assets in only the *net assets without donor restrictions* classification. These net assets are not subject to donor imposed restrictions.

D. Cash and Cash Equivalents

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

Tenant security deposits are not considered cash and cash equivalents.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance and debt service payments.

E. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants' accounts receivable balances primarily consist of rents past due and vacated tenants. Also included in accounts receivable are operating deficit payments, which consist of amounts advanced from VHDC to limited partnerships to cover operating expenses. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

F. Investments In and Receivables From Real Estate Limited Partnerships

The Corporation uses the equity method of accounting for its investments in limited partnerships in which the Corporation serves as general partner, as the Corporation has significant influence over, but not control of the major operating and financial policies of the limited partnerships. Under this method, the Corporation's share of income, losses, and distributions incurred by the limited partnerships is recognized as an increase or reduction of the carrying value of the investments. The Corporation's percentage ownership in these partnerships approximates .01% and the Corporation's investment as of December 31, 2020 and 2019 totaled \$0.

Receivables from partnerships include amounts from operating deficit payments, accrued interest on mortgages, developer fees, notes, and mortgages.

G. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

I. Revenue Recognition

Rental income is recognized as the rents are earned in accordance with the lease terms. Revenue resulting from special events, fees charged by the Corporation, refunded grants and other income is also recorded when earned.

J. Property and Equipment

Land, building and improvements, and furniture and equipment are recorded at cost. Betterments and major renewals that extend useful lives of property and equipment are capitalized. Routine repairs and maintenance are expensed as incurred. Contributed assets are recorded at their fair market value at the date of gift. In the absence of original cost records, appraisals of historical cost or fair market value at the date of gift have been recorded. Depreciation is computed by using the straight-line and accelerated methods over the estimated useful lives of the related assets. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statements of Activities. A summary of the estimated useful lives is as follows:

	<u>Years</u>
Buildings and site improvements	25-30
Furniture, equipment, and machinery	5-7

VHDC has set a capitalization threshold of \$1,000.

**VALLEY HOUSING DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Income Taxes

The Corporation is a not-for-profit corporation which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Corporation is not taxed on income derived from its exempt functions. However, the Corporation is subject to tax on unrelated business income, which is generated from the Corporation's investment income and other activities not related to their stated exempt purposes.

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

L. Functional Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and administrative and support. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Utilities	Time and effort
Office expenses	Time and effort
Professional fees	Time and effort
Insurance	Usage of space
Maintenance	Time and effort
Rental property expense	Usage of space
Real estate taxes	Usage of space
Partnership transfer fees	Time and effort
Bad debt expense	Time and effort
Depreciation	Usage of space
Interest and financing costs	Usage of space

M. Estimates

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

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Impairment of Long-Lived Assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. For the years ended December 31, 2020 and 2019, there were no impairment losses.

O. Notes and Developer Fees Receivable

The Corporation has utilized funds to assist in the redevelopment and operation of numerous developments through the issuance of notes and through the deferral of developer fees. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such notes and developer fees. When estimating collectability, management analyzes the value of the underlying mortgaged property; the property's ability to generate positive cash flow and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

P. Economic Concentrations

The Corporation receives a significant amount of revenue from the projects in which it is the general partner. These sources of funds are dependent upon the continued successful development and management of these projects.

The Corporation, either as a direct owner, advisor or general partner, has an economic interest in real estate projects that are subject to business risks associated with the economy and level of unemployment in Pennsylvania, which affects occupancy, as well as the tenants' ability to make rental payments. In addition, these projects operate in a heavily regulated environment. The operations of these projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the Department of Housing and Urban Development ("HUD"). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Concentration of Credit Risk

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

R. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

NOTE 2. ACCOUNTS RECEIVABLE, NET

At December 31, 2020 and 2019, accounts receivable consisted of the following:

<u>Category</u>	<u>2020</u>	<u>2019</u>
Operating deficit payments	\$ 1,687,768	\$ 1,012,264
Grants	1,325	8,309
Tenant receivables	19,446	5,959
Allowance for doubtful accounts	<u>(1,106,871)</u>	<u>(804,644)</u>
Total accounts receivable, net	601,668	221,888
Less: accounts receivable, current	<u>565,645</u>	<u>185,865</u>
Accounts receivable, noncurrent	<u>\$ 36,023</u>	<u>\$ 36,023</u>

A. Operating Deficit Payments

Operating deficit payments consist of amounts advanced from VHDC to limited partnerships to cover operating expenses. A substantial amount of these receivables have been classified as long term due to significant cash flow problems of the partnerships. The allowance for doubtful accounts of \$1,106,871 and \$804,644, respectively, has been established to provide for potential future uncollectable operating deficit payments due from these limited partnerships. Actual losses, if any, will not be determined until each limited partnership has reached the end of its low-income housing tax credit compliance period.

B. Grants

Lehigh and Northampton County Grants consist of amounts owed for monthly rental assistance in the MHMR and Supportive programs. VHDC expects all these receivables to be collected and accordingly, no allowance for doubtful accounts has been made.

C. Tenant Receivables

Tenant receivables consist of amounts owed for monthly tenant rental charges from the various properties. VHDC expects all these receivables to be collected and accordingly, no allowance for doubtful accounts has been made.

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3. RESTRICTED CASH

Restricted cash of \$399,455 and \$361,796, respectively, at December 31, 2020 and 2019, represents amounts held in escrow for various properties that is generally not available for operating purposes.

NOTE 4. DEVELOPER FEES RECEIVABLE, NET

At December 31, 2020 and 2019, developer fees receivable consisted of developer fees earned and due from the following partnerships:

<u>Partnership</u>	<u>2020</u>	<u>2019</u>
Knox Avenue Senior Associates	\$ 160,656	\$ 160,656
Schoenersville Apartments Associates	-	113,903
Wilson Manor Apartments Associates	27,222	27,222
AP54 Associates	215,333	215,333
Allowance for doubtful accounts	<u>(310,875)</u>	<u>(398,695)</u>
Total developer fees receivable, net	<u>\$ 92,336</u>	<u>\$ 118,419</u>

Developer fees are earned for consulting services performed on various developmental projects, most of which are from related partnerships. Amounts are expected to be received over a ten to fifteen year period from the date of initial operations. Some amounts are due as balloon payments at the end of the term or are paid from the respective partnerships' available net cash flows.

As of December 31, 2020 and 2019, an allowance for doubtful accounts of \$310,875 and \$398,695, respectively, has been established to provide for potential future uncollectable development fees due from these limited partnerships. Actual losses, if any, will not be determined until each limited partnership has reached the end of its low-income housing tax credit compliance period.

NOTE 5. ACCRUED INTEREST RECEIVABLE, NET

Accrued interest on notes receivable as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Accrued interest	\$ 8,866,887	\$ 10,144,655
Allowance for doubtful accounts	<u>(7,860,119)</u>	<u>(8,831,177)</u>
Accrued interest, net	<u>\$ 1,006,768</u>	<u>\$ 1,313,478</u>

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6. NOTES RECEIVABLE, NET

Notes receivable at December 31, 2020 and 2019 consisted of the following loans with limited partnerships in which VHDC is the general partner or shares common board members:

	<u>2020</u>	<u>2019</u>
7.5% mortgage receivable from Mill II Associates, collateralized by a third mortgage, all principal and accrued interest are deferred until day of sale or May 2023, its 30th year of operation.	\$ 189,025	\$ 189,025
Two (2) \$100,000 mortgages and (1) \$230,000 mortgage receivable from AP54 Associates, LP as part of the sale and rehabilitation of various properties. The notes are non-interest bearing which are collateralized by real property and due in September, 2042.	430,000	430,000
7.17% mortgage receivable from Canal Park Associates, collateralized by a second mortgage, payment of principal and accrued interest are due in a lump sum in 2020.	165,197	165,197
6.02% mortgage receivable from Wind Gap Associates, collateralized by a second mortgage, payment of principal and interest are due from excess cash flows, any remaining principal and interest are due in 2026.	253,653	253,653
Non-interest bearing operating deficit loan receivable from 901 Mill Associates, payable from excess cash flow and unsecured.	7,132	7,132
6.02% mortgage receivable from Bath Elderly Apartment Associates, collateralized by a third mortgage, payment of principal and interest only if the project generates residual revenue each year, any remaining unpaid principal and interest due in a lump sum in 2026 provided that there is no default of any terms in accordance with the provisions of the mortgage note.	363,330	363,330
Operating deficit loan receivable from Mill II Associates, LP payable from excess cash flow, interest free and unsecured.	364,508	364,508

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6. NOTES RECEIVABLE, NET (continued)

	<u>2020</u>	<u>2019</u>
5.09% mortgage receivable from Schoenersville Apartments Associates, LP, collateralized by a third mortgage, payment of principal and interest deferred until the sale of the project or refinancing of the note.	-	569,897
5% mortgage receivable from Valley Housing Finance Corporation, collateralized by a second mortgage on property held by Grandview Apartments Associates, payment of principal and interest due only if the project generates residual revenue, any remaining unpaid principal and interest due in a lump sum in 2027 provided there is no default in accordance with the provisions of the mortgage note.	500,000	500,000
5.09% mortgage receivable due from Valley Housing Finance Corporation collateralized by a third mortgage on the Nazareth Senior Apartments. Payment of principal and interest are deferred during the term of the note unless there is residual revenue generated by the project.	500,000	500,000
5% mortgage receivable from Valley Housing Finance Corporation, collateralized by a second mortgage on property held by Grandview Apartments Associates, payment of principal and interest due only if the project generates residual revenue, any remaining unpaid principal and interest due in a lump sum in 2027 provided there is no default in accordance with the provisions of the mortgage note.	500,000	500,000
5.75% mortgage receivable from Knox Avenue Senior Associates collateralized by a second mortgage, payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	497,705	497,705
5.00% mortgage receivable from Grandview Apartment Associates, collateralized by a fourth mortgage, payment of principal and interest due only if the project generates residual revenue each year, any remaining unpaid principal and interest due in a lump sum in 2029 provided there is no default in accordance with the provisions of the mortgage note.	239,000	239,000
Operating deficit loan receivable from Bath Elderly, payable from excess cash flow, interest free and unsecured.	99,396	99,396

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6. NOTES RECEIVABLE, NET (continued)

	<u>2020</u>	<u>2019</u>
5.10% mortgage receivable from Lexie's Dream Apartments Associates, LP, collateralized by a second mortgage payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	166,684	166,684
4.08% mortgage receivable from Cedar Street Apartments Associates, LP, collateralized by a second mortgage on property, payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	500,000	500,000
Operating deficit loan receivable from East Penn Place Associates. The loan is interest free, unsecured and has no specific repayment terms.	315,163	315,163
3.65% mortgage receivable from Wilson Manor Apartments Associates, LP, collateralized by a second mortgage on property, payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	636,847	636,847
4.48% mortgage receivable from Forte Apartments Associates, LP, collateralized by a third mortgage on property, payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	133,366	133,366
Non-interest bearing mortgage receivable from Nazareth Senior Apartments Associates, LP, collateralized by a third mortgage on property, unpaid principal due at the date the project is sold or the note is refinanced.	188,928	188,928
3.65% mortgage receivable from Wilson Manor Apartments Associates, LP, collateralized by a third mortgage, payment of principal and interest deferred unless residual revenue is generated by the project.	125,000	125,000
Operating deficit loan receivable from Northampton Elderly Apartments Associates, due in a lump sum payment on January 7, 2016 or the date the Partnership sells the property, whichever is earlier. The loan is interest free and unsecured.	45,674	45,674
Operating deficit loan receivable from Mill II Associates, The loan is interest free, unsecured and has no specific repayment terms.	240,313	240,313
Operating deficit note receivable from 901 Mill Avenue Associates, payable from excess cash flow, interest free and unsecured.	44,258	44,258

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6. NOTES RECEIVABLE, NET (continued)

	<u>2020</u>	<u>2019</u>
4.48% mortgage receivable from Forte Apartments Associates, LP, collateralized by a mortgage on property, payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	96,124	96,124
Note receivable from AP54 Associates, LP in connection with their purchase of VHDC properties. The note bears interest at 2.18% and payable out of excess cash flow as defined by the partnership agreement. The note is secured by a second mortgage on the property and due in 2042.	253,303	253,303
4.5% note receivable from the LCHA in connection with LCHA's purchase of the Cedar Village property located in Allentown, PA which is collateralized by real property. No regular payments are due but 50% of any surplus revenues of the Cedar Village project shall be paid annually first to accrued interest and any remainder to principal.	151,405	154,491
2.75% note receivable from the LCHA in connection with LCHA's purchase of the North Catasauqua project which is collateralized by real property. No regular payments are due but 50% of any surplus revenues of the North Catasauqua project shall be paid annually first to accrued interest and any remainder to principal.	239,464	239,464
Operating deficit loan receivable from Cedar Street Apartments Associates, LP payable from excess cash flow, interest free and unsecured.	111,786	111,786
Operating deficit loan receivable from Wind Gap Associates, LP payable from excess cash flow, interest free and unsecured.	131,415	131,415
2.525% note receivable from the LCHA in connection with LCHA's purchase of the Hellertown project which is collateralized by real property. No regular payments are due for twenty-five (25) years but 50% of any surplus revenues of the Hellertown project shall be paid annually first to accrued interest and any remainder to principal. The note matures in February, 2038.	188,580	201,032
Operating deficit loan receivable from Ferry Street Associates, LP payable from excess cash flow, interest free and unsecured.	43,640	43,640

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6. NOTES RECEIVABLE, NET (continued)

	<u>2020</u>	<u>2019</u>
Operating deficit loan receivable from Knox Avenue Associates, LP payable from excess cash flow, interest free and unsecured.	75,865	75,865
Operating deficit loan receivable from Schoenersville Associates, LP payable from excess cash flow, interest free and unsecured.	-	49,069
Operating deficit loan receivable from Nazareth Senior Apartments Associates, LP payable from excess cash flow, interest free and unsecured.	185,731	164,106
Operating deficit loan receivable from Forte Apartments Associates. The loan is unsecured, non-interest bearing and has no specific repayment terms.	211,754	211,754
Fourth mortgage payable to Schoenersville, with interest at 2.75%, payable in monthly installments of \$660, including interest, maturing in February 2027 with a balloon payment of remaining principal, collateralized by property.	-	50,991
Note receivable from Lehigh County Housing Authority in connection with the sale of Sixth Street Elderly, bearing interest at 2.67%, principal and interest is paid based on residual revenue available as determined at the close of each fiscal period, all principal and interest is due in 2029; collateralized by property and improvements.	174,494	213,816
Note receivable from Lehigh County Housing Authority in connection with the sale of Locust Street property in November 2017. This note accrues interest at 2.67%. No regular payments are due but 50% of any surplus revenues of the Locust Street project shall be paid to VHDC annually first to accrued interest and any remainder to principal. The note is secured by real property and matures in 2042.	100,000	100,000
Operating deficit loan receivable from Canal Park, LP payable from excess cash flow, interest free and unsecured.	8,561	8,561
7.25% mortgage receivable from Ferry Street, LP, collateralized by a mortgage on property, payment of principal and interest deferred during the term of the note unless there is residual revenue generated by the project.	58,691	58,691

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6. NOTES RECEIVABLE, NET (continued)

	<u>2020</u>	<u>2019</u>
Affordable Housing Loan receivable in the original amount of \$675,000 from the Northampton County Housing Authority ("NCHA") in connection with Goepp Street Apartments. This note accrues interest at 4.09%. No regular payments are due, but 50% of any surplus cash of the Goepp Street Apartments shall be received from NCHA annually, first to accrued interest and any remainder to principal. The loan is secured by real property and is due October 31, 2044.	675,000	675,000
Support note with the Lehigh County Housing Authority in the amount of \$400,000 in connection with the purchase of Schoenersville Apartments. This note accrues interest at 3.02%. No regular payments are due but 50% of any surplus revenues of the project shall be paid to VHDC annually first to accrued interest and any remainder to principal. The note is secured by real property and will mature in 2045.	<u>400,000</u>	<u>-</u>
Total notes receivable	9,610,992	9,914,184
Less: allowance for doubtful accounts	<u>(6,001,628)</u>	<u>(6,443,143)</u>
Notes receivable , net	<u>\$ 3,609,364</u>	<u>\$ 3,471,041</u>

As of December 31, 2020 and 2019, an allowance for doubtful accounts of \$6,001,628 and \$6,443,143, respectively, has been established to provide for potential future uncollectable loans and notes receivable due from these limited partnerships. Actual losses, if any, will not be determined until each limited partnership has reached the end of its low-income housing tax credit compliance period.

NOTE 7. INVESTMENTS IN LIMITED PARTNERSHIPS

VHDC owns various interests in numerous limited partnerships. The limited partnerships operate apartment complexes which provide low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code.

The Corporation uses the equity method of accounting for its investments in 17 limited partnerships in which the Corporation serves as a co-general partner, as the Corporation has significant influence over, but not control of the major operating and financial policies of the limited partnerships. Under this method, the Corporation's share of income, losses, and distributions incurred by the limited partnerships is recognized as an increase or reduction of the carrying value of the investments.

Accordingly, the investment is carried at cost and adjusted for the proportionate share of earnings or losses. Since the accumulated losses attributed to VHDC has exceeded its investment in the partnerships, the carrying value of the investment as of December 31, 2020 and 2019 is recorded as \$0.

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7. INVESTMENTS IN LIMITED PARTNERSHIPS (continued)

The following partnerships are recorded under the equity method:

AP54 Associates, LP	Grandview Apartments Assoc.	Ferry Street Apartments
Cedar Street Apartments Assoc.	Wind Gap Associates	East Penn Place Associates
Mill II Associates	Northampton Elderly Apartments	Forte Apartments Associates
Bath Elderly Apartments Assoc.	901 Mill Associates	Knox Avenue Senior Associates
Schoenersville Apartments Assoc.	Nazareth Senior Apartments Assoc.	Wilson Manor Apartments Assoc.
Canal Park Assoc.	Lexie's Dream Apartments Assoc.	

NOTE 8. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 254,674	\$ 254,674
Building and site improvements	6,267,260	6,259,841
Furniture and equipment	<u>930,919</u>	<u>901,751</u>
Subtotal	7,452,853	7,416,266
Less: accumulated depreciation	<u>(4,895,342)</u>	<u>(4,690,064)</u>
Total	<u>\$ 2,557,511</u>	<u>\$ 2,726,202</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$205,236 and \$171,488, respectively.

NOTE 9. NOTES PAYABLE

Notes payable at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Second mortgage payable to PHFA bearing interest at 1% and payable out of surplus cash from the Gordon Street project. The loan is secured by the property at Gordon Street in Allentown, PA and matured on June 1, 2017 and is still outstanding as of the audit report date. Management anticipates that as long as the property remains affordable, PHFA will extend the loan indefinitely. Included in accrued expenses is \$80,600 and \$77,520, respectively, of accrued interest related to this mortgage.	\$ 308,000	\$ 308,000
Second mortgage loan to PHFA in connection with the Turner Street Project bearing 0% interest subordinate to the primary mortgage with principal payments payable from surplus cash as determined by PHFA, split 50% to return on equity and 50% to repayment of the mortgage, collateralized by property and equipment. The mortgage is due in 2029.	241,999	241,999

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9. NOTES PAYABLE (continued)

	<u>2020</u>	<u>2019</u>
First mortgage loan to PHFA bearing interest at 1% with an effective rate of 1.25% and payable out of surplus cash of the 100 South Third Street project. The loan matured in 2018 and is still outstanding as of the audit report date. Management anticipates that as long as the property remains affordable, PHFA will extend the loan indefinitely. The loan is collateralized by the property at 100 South Third Street. Included in accrued expenses is \$64,547 and \$59,636, respectively, of accrued interest related to this mortgage.	<u>491,048</u>	<u>491,048</u>
Total notes payable	1,041,047	1,041,047
Less: current portion	<u>799,048</u>	<u>799,048</u>
Total notes payable, excluding current portion	<u>\$ 241,999</u>	<u>\$ 241,999</u>

The maturities of notes payable over the next five years and thereafter are as follows:

December 31, 2021	\$	799,048
2022		-
2023		-
2024		-
2025		-
Thereafter		<u>241,999</u>
Total	\$	<u>1,041,047</u>

NOTE 10. TRANSFER OF NET ASSETS FROM ENTITIES UNDER COMMON CONTROL

During the years ended December 31, 2020 and 2019, VHDC acquired assets and liabilities of entities which were under common control. Accordingly, the assets and liabilities were combined with VHDC at their carrying amounts and recorded in the period of the transfer. The net assets (equity) that were transferred into VHDC during the years ended December 31, 2020 and 2019 totaled \$865,046 and \$639,609, respectively.

<u>Entity</u>	<u>2020</u>	<u>2019</u>
Washington Avenue Apartments	\$ -	\$ 639,609
Schoenersville Apartments	<u>(865,046)</u>	<u>-</u>
	<u>\$ (865,046)</u>	<u>\$ 639,609</u>

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10. TRANSFER OF NET ASSETS FROM ENTITIES UNDER COMMON CONTROL (continued)

A summary of assets and liabilities transferred during the years ended December 31, 2020 and 2019 from entities under common control is as follows:

December 31, 2020:

<u>Account</u>		<u>Schoenersville Apartments</u>
Cash	\$	1,575
Restricted cash		19,114
Tenant security deposits		21,704
Account receivable		23,508
Prepaid expenses		23,467
Accrued interest receivable (payable)		(2,143)
Other assets, net		95,000
Property and equipment, net		1,257,358
Accounts payable		(103,736)
Security deposits payable		(21,704)
Other liabilities		(113,903)
Operating deficit notes payable		(49,067)
Notes payable		<u>(2,016,219)</u>
Net assets	\$	<u><u>(865,046)</u></u>

December 31, 2019:

<u>Account</u>		<u>Washington Avenue Apartments</u>
Cash	\$	39,926
Restricted cash		34,929
Tenant security deposits		6,235
Account receivable		10,557
Prepaid expenses		5,758
Other assets, net		2,823
Property and equipment, net		630,821
Accounts payable		(2,490)
Prepaid rents		(2,832)
Security deposits payable		(6,235)
Operating deficit notes payable		(29,883)
Cash payment offset		<u>(50,000)</u>
Net assets	\$	<u><u>639,609</u></u>

NOTE 11. LOSS ON SALE OF ASSETS

The Corporation sold the Schoenersville property during the year ended December 31, 2020. The sale resulted in a loss in the amount of \$200,388. The recognized loss on the sale was calculated as follows:

VALLEY HOUSING DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11. LOSS ON SALE OF ASSETS (continued)

<u>Description</u>	<u>Amount</u>
Sale proceeds	\$ 1,100,000
Less: Closing costs	(43,030)
Less: Book value of land sold	<u>(1,257,358)</u>
Loss on sale of capital assets sold	<u>\$ (200,388)</u>

NOTE 12. COMMITMENTS AND CONTINGENCIES

As a general partner, VHDC has assumed certain financial guarantees on behalf of the various partnerships. While the guarantees vary, they include such things as requirements to provide letters of credit during construction and limited operational periods, and guarantees related to the loss of tax benefits to investors under certain terms and conditions. Certain operating loss guarantees have no limitation to the maximum potential future payments under those guarantees. Estimates on these guarantees cannot be reasonably determined.

VHDC has also guaranteed through various agreements the operational debts of certain limited partnerships. Many of these partnerships are experiencing various levels of cash flow problems. VHDC could be required to contribute significant amounts of cash annually to the partnerships to support the operating deficits unless changes can be made at the partnership-level to ease this burden. At December 31, 2020 and 2019, future losses from these agreements cannot be reasonably estimated.

Vulnerability – Impact of COVID-19

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

NOTE 13. SUBSEQUENT EVENT

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through TBD (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

VALLEY HOUSING DEVELOPMENT CORPORATION
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	COMBINED	ELIM.	VALLEY HOUSING DEV. CORP.	VALLEY HOUSING DEV. CORP. TENANT SEC.	SUPPORTIVE HOUSING	PERSONAL CARE HOME	SCHOENERSVILLE APARTMENTS	MHMR LC	MHMR NC	GORDON STREET	100 SOUTH THIRD ST.	MOUNTAIN VILLE	TURNER STREET	GOEPP STREET	RETLAWN	WASHINGTON AVE APARTMENTS	627 HAMILTON ASSOCIATES
ASSETS																	
Current assets:																	
Cash and cash equivalents																	
Undesignated	\$ 2,587,827	\$ -	\$ 2,210,990	\$ -	\$ 9,908	\$ 7,667	\$ -	\$ 87,943	\$ 12,381	\$ 15,136	\$ 107,215	\$ 50,358	\$ 14,037	\$ -	\$ 22,506	\$ 49,686	\$ -
Tenant security deposits	382,876	(19,860)	455	358,207	-	-	-	-	-	7,194	12,396	10,078	4,624	-	-	9,782	-
Total cash	2,970,703	(19,860)	2,211,445	358,207	9,908	7,667	-	87,943	12,381	22,330	119,611	60,436	18,661	-	22,506	59,468	-
Accounts receivable, net	565,645	-	540,729	-	-	1,325	-	-	-	921	7,563	905	3,701	-	4,516	5,985	-
Prepaid expenses	52,721	-	-	-	-	-	-	-	-	8,649	13,614	10,602	13,227	-	-	6,629	-
Total current assets	3,589,069	(19,860)	2,752,174	358,207	9,908	8,992	-	87,943	12,381	31,900	140,788	71,943	35,589	-	27,022	72,082	-
Restricted cash	399,455	-	7,910	-	-	-	-	-	-	147,625	130,077	-	78,914	-	-	34,929	-
Accounts receivable - noncurrent, net	36,023	(128,806)	164,829	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable, net	3,609,364	(1,130,911)	4,740,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer fees receivable, net	92,336	-	92,336	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest receivable, net	1,006,768	(1,030,361)	2,037,129	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	2,557,511	-	85,340	-	-	-	-	-	-	245,634	874,135	472,110	283,553	-	-	596,739	-
Total non-current assets	7,701,457	(2,290,078)	7,127,819	-	-	-	-	-	-	393,259	1,004,212	472,110	362,467	-	-	631,668	-
TOTAL ASSETS	\$ 11,290,526	\$ (2,309,938)	\$ 9,879,993	\$ 358,207	\$ 9,908	\$ 8,992	\$ -	\$ 87,943	\$ 12,381	\$ 425,159	\$ 1,145,000	\$ 544,053	\$ 398,056	\$ -	\$ 27,022	\$ 703,750	\$ -
LIABILITIES AND NET ASSETS																	
Current liabilities:																	
Accounts payable	\$ 569,931	\$ -	\$ 490,273	\$ -	\$ 425	\$ -	\$ -	\$ 655	\$ 548	\$ 4,831	\$ 11,492	\$ 29,235	\$ 28,484	\$ -	\$ -	\$ 3,988	\$ -
Accrued expenses	145,147	(81,000)	-	-	-	-	-	-	-	80,600	145,547	-	-	-	-	-	-
Tenant security deposits payable	376,047	(19,860)	455	351,378	-	-	-	-	-	7,194	12,396	10,078	4,624	-	-	9,782	-
Prepaid rents	10,795	-	-	-	-	-	-	-	-	658	12	660	3,512	-	-	5,953	-
Current portion of notes payable	799,048	(407,425)	-	-	-	-	-	15,029	-	308,000	78,937	671,459	133,048	-	-	-	-
Total current liabilities	1,900,968	(508,285)	490,728	351,378	425	-	-	15,684	548	401,283	248,384	711,432	169,668	-	-	19,723	-
Notes payable, net of current maturities	241,999	(1,801,653)	-	-	-	-	-	-	-	-	822,409	949,361	241,999	-	-	29,883	-
Total liabilities	2,142,967	(2,309,938)	490,728	351,378	425	-	-	15,684	548	401,283	1,070,793	1,660,793	411,667	-	-	49,606	-
Net assets:																	
Without donor restrictions	9,147,559	-	9,389,265	6,829	9,483	8,992	-	72,259	11,833	23,876	74,207	(1,116,740)	(13,611)	-	27,022	654,144	-
TOTAL LIABILITIES AND NET ASSETS	\$ 11,290,526	\$ (2,309,938)	\$ 9,879,993	\$ 358,207	\$ 9,908	\$ 8,992	\$ -	\$ 87,943	\$ 12,381	\$ 425,159	\$ 1,145,000	\$ 544,053	\$ 398,056	\$ -	\$ 27,022	\$ 703,750	\$ -

VALLEY HOUSING DEVELOPMENT CORPORATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	COMBINED	ELIM.	VALLEY HOUSING DEV. CORP.	VALLEY HOUSING DEV. CORP. TENANT SEC.	SUPPORTIVE HOUSING	PERSONAL CARE HOME	SCHOENERSVILLE APARTMENTS	MHMR LC	MHMR NC	GORDON STREET	100 SOUTH THIRD ST	MOUNTAIN VILLE	TURNER STREET	GOEPP STREET	RESTLAWN	WASHINGTON AVE APARTMENTS	627 HAMILTON ASSOCIATES
REVENUES, GAINS, (LOSSES), AND OTHER SUPPORT:																	
Government contracts and grants	\$ 677,677	\$ -	\$ -	\$ -	\$ 316,943	\$ -	\$ 60	\$ 21,841	\$ 1,885	\$ 51,846	\$ 87,944	\$ 59,761	\$ 101,964	\$ -	\$ -	\$ 35,433	\$ -
Rental income	718,648	-	21,780	-	-	-	237,176	-	-	95,996	136,174	90,923	45,065	-	9,312	82,222	-
Management fees	88,314	-	88,314	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	542,507	-	538,580	6	-	-	10	-	-	1,666	1,386	-	859	-	-	-	-
Gain / (loss) on sale of assets	(200,388)	-	-	-	-	-	(200,388)	-	-	-	-	-	-	-	-	-	-
Other income	289,040	(1,087,348)	275,147	-	-	-	1,092,108	-	-	885	3,891	1,976	569	-	-	1,812	-
Total revenues, gains, (losses), and other support	2,115,798	(1,087,348)	923,821	6	316,943	-	1,128,966	21,841	1,885	150,393	229,395	152,660	148,457	-	9,312	119,467	-
EXPENSES:																	
Salaries, wages, and benefits	167,705	-	1,921	-	23,023	-	14,338	8,938	1	26,753	30,767	26,753	18,728	-	3,663	12,820	-
Utilities	126,478	-	6	-	7,923	-	20,173	2	2	14,822	35,420	8,046	21,717	-	3	18,364	-
Office expense	100,153	-	9,616	-	-	-	34,912	1,027	983	9,908	12,135	8,117	7,478	-	2,804	13,173	-
Professional fees	104,143	-	61,618	-	-	-	18,049	5	48	6,521	7,284	290	7,464	-	47	2,817	-
Insurance	82,511	-	9,244	-	-	-	18,696	141	141	10,322	12,852	12,022	10,033	-	425	8,635	-
Maintenance	382,436	-	2,429	-	-	-	73,727	4,906	82	49,325	75,694	72,508	55,536	-	7,285	40,944	-
Interest and financing costs	135,848	-	-	-	-	-	38,886	-	-	3,080	7,910	85,972	-	-	-	-	-
Depreciation and amortization	205,236	-	8,558	-	-	-	-	-	-	26,391	52,503	54,491	29,211	-	-	34,082	-
Rental property expense	291,280	-	69	-	283,081	-	6,100	-	1,653	-	-	141	103	-	29	104	-
Real estate taxes	127,590	-	2,720	-	-	-	39,039	-	2	13,072	22,749	19,928	17,296	-	-	12,784	-
Partnership transfer fees	42,778	-	-	-	-	-	-	-	-	-	-	-	-	10,739	-	-	32,039
Bad debt expense	51,686	(1,087,348)	1,130,648	-	-	-	-	-	-	-	-	-	-	-	-	8,386	-
Total expenses	1,817,844	(1,087,348)	1,226,829	-	314,027	-	263,920	15,019	2,912	160,194	257,314	288,268	167,566	10,739	14,256	152,109	32,039
Change in net assets	297,954	-	(303,008)	6	2,916	-	865,046	6,822	(1,027)	(9,801)	(27,919)	(135,608)	(19,109)	(10,739)	(4,944)	(32,642)	(32,039)
Net assets - beginning	9,714,651	-	9,692,273	6,823	6,567	8,992	-	65,437	12,860	33,677	102,126	(981,132)	5,498	10,739	31,966	686,786	32,039
Transfer of net assets (deficit) to Lehigh County Housing Authority	(865,046)	-	-	-	-	-	(865,046)	-	-	-	-	-	-	-	-	-	-
Equity transfers among programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets - ending	\$ 9,147,559	\$ -	\$ 9,389,265	\$ 6,829	\$ 9,483	\$ 8,992	\$ -	\$ 72,259	\$ 11,833	\$ 23,876	\$ 74,207	\$ (1,116,740)	\$ (13,611)	\$ -	\$ 27,022	\$ 654,144	\$ -

VALLEY HOUSING DEVELOPMENT CORPORATION
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

	COMBINED	ELIM.	VALLEY HOUSING DEV. CORP.	VALLEY HOUSING DEV. CORP. TENANT SEC.	SUPPORTIVE HOUSING	PERSONAL CARE HOME	MHMR LC	MHMR NC	GORDON STREET	100 SOUTH THIRD ST.	MOUNTAIN VILLE	TURNER STREET	GOEPP STREET	RESTLAWN	WASHINGTON AVE APARTMENTS	627 HAMILTON ASSOCIATES
ASSETS																
Current assets:																
Cash and cash equivalents																
Undesignated	\$ 2,648,760	\$ -	\$ 2,257,214	\$ -	\$ 11,348	\$ 7,667	\$ 74,154	\$ 12,482	\$ 4,809	\$ 94,863	\$ 48,120	\$ 22,747	\$ 11,390	\$ 32,001	\$ 39,926	\$ 32,039
Tenant security deposits	410,801	-	455	370,883	-	-	-	-	7,194	12,314	9,651	4,069	-	-	6,235	-
Total cash	3,059,561	-	2,257,669	370,883	11,348	7,667	74,154	12,482	12,003	107,177	57,771	26,816	11,390	32,001	46,161	32,039
Accounts receivable, net	185,865	(191,877)	352,917	-	-	1,325	6,356	628	697	1,769	422	3,071	-	-	10,557	-
Prepaid expenses	49,041	-	-	-	-	-	-	-	8,732	13,556	9,955	11,040	-	-	5,758	-
Total current assets	3,294,467	(191,877)	2,610,586	370,883	11,348	8,992	80,510	13,110	21,432	122,502	68,148	40,927	11,390	32,001	62,476	32,039
Restricted cash	361,796	-	7,906	-	-	-	-	-	134,335	115,389	-	69,237	-	-	34,929	-
Accounts receivable - noncurrent, net	36,023	(128,806)	164,829	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable, net	3,471,041	(1,130,911)	4,601,952	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer fees receivable, net	118,419	-	118,419	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest receivable, net	1,313,478	(941,389)	2,254,867	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	2,726,202	-	93,941	-	-	-	-	-	272,025	924,070	519,182	286,163	-	-	630,821	-
Total non-current assets	8,026,959	(2,201,106)	7,241,914	-	-	-	-	-	406,360	1,039,459	519,182	355,400	-	-	665,750	-
TOTAL ASSETS	\$ 11,321,426	\$ (2,392,983)	\$ 9,852,500	\$ 370,883	\$ 11,348	\$ 8,992	\$ 80,510	\$ 13,110	\$ 427,792	\$ 1,161,961	\$ 587,330	\$ 396,327	\$ 11,390	\$ 32,001	\$ 728,226	\$ 32,039
LIABILITIES AND NET ASSETS																
Current liabilities:																
Accounts payable	\$ 15,893	\$ (191,877)	\$ 159,772	\$ -	\$ 4,781	\$ -	\$ 44	\$ 250	\$ 509	\$ 5,174	\$ 23,015	\$ 11,700	\$ -	\$ 35	\$ 2,490	\$ -
Accrued expenses	137,156	(78,000)	-	-	-	-	-	-	77,520	137,636	-	-	-	-	-	-
Tenant security deposits payable	403,978	-	455	364,060	-	-	-	-	7,194	12,314	9,651	4,069	-	-	6,235	-
Prepaid rents	8,701	-	-	-	-	-	-	-	892	3,365	948	13	651	-	2,832	-
Current portion of notes payable	799,048	(407,425)	-	-	-	-	15,029	-	308,000	78,937	671,459	133,048	-	-	-	-
Total current liabilities	1,364,776	(677,302)	160,227	364,060	4,781	-	15,073	250	394,115	237,426	705,073	148,830	651	35	11,557	-
Notes payable, net of current maturities	241,999	(1,715,681)	-	-	-	-	-	-	-	822,409	863,389	241,999	-	-	29,883	-
Total liabilities	1,606,775	(2,392,983)	160,227	364,060	4,781	-	15,073	250	394,115	1,059,835	1,568,462	390,829	651	35	41,440	-
Net assets:																
Without donor restrictions	9,714,651	-	9,692,273	6,823	6,567	8,992	65,437	12,860	33,677	102,126	(981,132)	5,498	10,739	31,966	686,786	32,039
TOTAL LIABILITIES AND NET ASSETS	\$ 11,321,426	\$ (2,392,983)	\$ 9,852,500	\$ 370,883	\$ 11,348	\$ 8,992	\$ 80,510	\$ 13,110	\$ 427,792	\$ 1,161,961	\$ 587,330	\$ 396,327	\$ 11,390	\$ 32,001	\$ 728,226	\$ 32,039

**VALLEY HOUSING DEVELOPMENT CORPORATION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	COMBINED	ELIM.	VALLEY HOUSING DEV. CORP.	VALLEY HOUSING DEV. CORP. TENANT SEC.	SUPPORTIVE HOUSING	PERSONAL CARE HOME	MHMR LC	MHMR NC	GORDON STREET	100 SOUTH THIRD ST	MOUNTAIN VILLE	TURNER STREET	GOEPP STREET	RESTLAWN	WASHINGTON AVE APARTMENTS	627 HAMILTON ASSOCIATES
REVENUES, GAINS, (LOSSES), AND OTHER SUPPORT:																
Government contracts and grants	\$ 737,089	\$ -	\$ -	\$ -	\$ 352,982	\$ -	\$ 36,402	\$ 8,479	\$ 46,541	\$ 96,926	\$ 60,852	\$ 98,354	\$ -	\$ -	\$ 22,033	\$ 14,520
Rental income	812,021	-	21,780	-	-	-	-	-	92,049	128,440	84,248	32,367	343,255	10,887	77,801	21,194
Management fees	74,490	-	74,490	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	462,558	(80,272)	536,860	6	-	-	-	-	2,603	2,268	-	1,081	12	-	-	-
Gain / (loss) on sale of assets	444,144	-	(281,974)	-	-	-	-	-	-	-	-	-	102,962	-	-	623,156
Other income	64,574	-	30,346	-	-	-	-	-	862	2,773	4,949	2,893	4,859	5	10,323	7,564
Total revenues, gains, (losses), and other support	2,594,876	(80,272)	381,502	6	352,982	-	36,402	8,479	142,055	230,407	150,049	134,695	451,088	10,892	110,157	666,434
EXPENSES:																
Salaries, wages, and benefits	159,400	-	-	-	22,311	-	6,918	81	19,896	22,881	19,896	13,927	33,501	2,840	9,941	7,208
Utilities	157,852	-	-	-	7,498	-	4	4	14,415	30,099	8,005	21,030	41,243	15	19,367	16,172
Office expense	94,924	-	5,989	-	8,178	-	1,063	950	8,259	7,847	6,882	5,479	29,834	2,003	9,327	9,113
Professional fees	89,450	-	39,503	-	-	-	208	240	6,739	7,656	976	7,192	7,272	196	10,007	9,461
Insurance	97,574	-	8,420	-	9,486	-	111	111	9,216	11,982	10,792	8,947	35,837	403	80	2,189
Maintenance	515,908	-	1,492	-	-	-	4,901	173	64,655	84,227	54,182	44,209	152,288	19,574	39,375	50,832
Interest and financing costs	45,413	(80,272)	-	-	-	-	-	-	3,080	7,910	80,272	-	34,423	-	-	-
Depreciation and amortization	171,488	-	7,781	-	-	-	-	-	26,260	54,271	53,413	29,763	-	-	-	-
Rental property expense	309,500	-	-	-	301,459	-	-	7,410	-	-	129	78	256	26	90	52
Real estate taxes	162,446	-	2,723	-	-	-	-	2	12,824	22,608	19,603	16,883	74,973	-	12,614	216
Bad debt expense	236,525	-	216,948	-	-	-	-	-	-	-	3,980	660	1,820	-	12,179	938
Total expenses	2,040,480	(80,272)	282,856	-	348,932	-	13,205	8,971	165,344	249,481	258,130	148,168	411,447	25,057	112,980	96,181
Change in net assets	554,396	-	98,646	6	4,050	-	23,197	(492)	(23,289)	(19,074)	(108,081)	(13,473)	39,641	(14,165)	(2,823)	570,253
Net assets - beginning	8,520,646	-	9,499,101	6,817	2,517	8,992	42,240	13,352	56,966	121,200	(873,051)	18,971	115,624	46,131	-	(538,214)
Transfer of net assets (deficit) from entities under common control	639,609	-	(50,000)	-	-	-	-	-	-	-	-	-	-	-	689,609	-
Equity transfers among programs	-	-	144,526	-	-	-	-	-	-	-	-	-	(144,526)	-	-	-
Net assets - ending	\$ 9,714,651	\$ -	\$ 9,692,273	\$ 6,823	\$ 6,567	\$ 8,992	\$ 65,437	\$ 12,860	\$ 33,677	\$ 102,126	\$ (981,132)	\$ 5,498	\$ 10,739	\$ 31,966	\$ 686,786	\$ 32,039