

**Preservation of Affordable  
Housing, Inc. and Subsidiaries**

**Consolidated Financial Statements  
(with Supplementary Information)  
and Independent Auditor's Report  
and Single Audit Report**

**December 31, 2024**

---



## Preservation of Affordable Housing, Inc. and Subsidiaries

### Index

Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities	7
Consolidated Statement of Functional Expenses	8
Consolidated Statement of Changes in Net Assets	9
Consolidated Statement of Cash Flows	10
Notes to Consolidated Financial Statements	12
Supplementary Information	
Consolidating Schedule of Financial Position	44
Consolidating Schedule of Activities	46
Consolidating Schedule of Changes in Net Assets	47
Consolidating Schedule of Cash Flows	48
Consolidating Schedule of Financial Position - Core Operating Companies	50
Consolidating Schedule of Activities - Core Operating Companies	52
Consolidating Schedule of Changes in Net Assets - Core Operating Companies	53
Consolidating Schedule of Cash Flows - Core Operating Companies	54
Consolidating Schedule of Financial Position - POAH LLC	56
Consolidating Schedule of Activities - POAH LLC	58
Consolidating Schedule of Changes in Net Assets - POAH LLC	59
Consolidating Schedule of Cash Flows - POAH LLC	60
Schedule of Expenditures of Federal Awards	61
Notes to Schedule of Expenditures of Federal Awards	62
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	65
Schedule of Findings and Questioned Costs	68

Independent Auditor's Report

To the Board of Directors  
Preservation of Affordable Housing, Inc. and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

*Opinion*

We have audited the consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Preservation of Affordable Housing, Inc. and Subsidiaries as of December 31, 2024, 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.

We did not audit the financial statements of certain Subsidiaries, whose statements reflect total assets of \$563,791,878 at December 31, 2024, and total revenues of \$68,331,295 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Subsidiaries, is based solely on the reports of the other auditors.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Consolidated Financial Statements section of our report. We are required to be independent of Preservation of Affordable Housing, Inc. and Subsidiaries 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. The financial statements of certain Subsidiaries of Preservation of Affordable Housing, Inc. were not audited in accordance with *Government Auditing Standards*.

*Responsibilities of Management for the Consolidated 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 Preservation of Affordable Housing, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Consolidated 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 GAAS 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 GAAS 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 Preservation of Affordable Housing, Inc. and Subsidiaries' 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 Preservation of Affordable Housing, Inc. and Subsidiaries' 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.

### *Report on Summarized Comparative Information*

We have previously audited Preservation of Affordable Housing, Inc. and Subsidiaries' December 31, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net assets, and cash flows of the individual companies and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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, based on our audit and the reports of the other auditors, the supplementary consolidating information and the schedule of expenditures of federal awards are 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 June 29, 2025, on our consideration of Preservation of Affordable Housing, Inc. and Subsidiaries' 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 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 Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Bethesda, Maryland  
June 29, 2025

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Financial Position  
December 31, 2024 With Comparative Totals for 2023**

Assets

	2024	2023
Current assets		
Cash and cash equivalents	\$ 79,063,928	\$ 72,950,183
Restricted cash	16,659,594	20,327,471
Reserves	5,175,259	4,937,434
Restricted reserves	2,699,564	4,377,624
Short-term investments	5,790,959	13,204,729
Accounts receivable		
Rental - tenants and subsidy	5,306,663	4,576,565
Grants receivable	231,936	116,150
Properties, net of allowance for credit losses of \$1,021,631 and \$878,631, respectively	362,516	474,108
Other	2,293,807	3,073,618
Restricted property reserves	60,952,441	31,498,712
Due from affiliates	348,611	30,905
Prepaid expenses	3,425,704	3,106,255
Predevelopment costs reimbursable, current	20,428,367	13,994,586
Total current assets	202,739,349	172,668,340
Other assets		
Tenant security deposits	5,339,779	4,950,357
Restricted property reserves, net of current	223,793,320	128,541,443
Notes receivable	20,065,750	20,065,750
Investment in partnerships	2,478,913	2,616,307
Predevelopment costs reimbursable, net of current	8,531,036	9,491,710
Other assets	7,263,561	6,635,971
Total other assets	267,472,359	172,301,538
Fixed assets		
Land and buildings	1,817,206,978	1,646,250,681
Rehabilitation in progress	363,974,967	250,420,342
Furniture, equipment and leasehold improvements	43,626,471	34,466,046
Right-of-use assets	26,035,017	26,938,496
Less: Accumulated depreciation	(421,335,941)	(364,995,589)
Total fixed assets	1,829,507,492	1,593,079,976
Total assets	\$ 2,299,719,200	\$ 1,938,049,854

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Financial Position  
December 31, 2024 With Comparative Totals for 2023**

	<u>2024</u>	<u>2023</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Current liabilities		
Accounts payable	\$ 11,527,997	\$ 8,881,264
Accrued expenses	18,940,112	16,157,591
Accounts payable - development	63,054,894	43,332,384
Accrued interest	4,926,789	3,735,773
Mortgages payable - properties, current	38,482,235	45,445,899
Construction loans - properties, current	46,101,072	4,735,363
Loan payable, current	2,021,829	6,750,000
Line of credit, current	3,400,000	1,524,329
Tenant security deposits	4,934,928	4,631,284
Prepaid revenue	2,525,165	2,416,526
Deferred liabilities, current	9,212	-
Due to affiliates	180,634	193,585
Total current liabilities	<u>196,104,867</u>	<u>137,803,998</u>
Long-term liabilities		
Loans and notes payable, net of current	10,865,820	9,698,365
Line of credit, net of current	1,321,935	1,306,663
Accrued interest payable - notes payable	911,733	1,305,549
Bonds payable	74,225,133	74,127,255
Notes payable and accrued interest - properties	465,980,306	431,012,865
Mortgages payable - properties, net of current	815,900,669	702,016,318
Construction loans - properties, net of current	251,889,119	128,067,148
Interest rate swap	100,370	100,370
Other long-term liabilities	10,991,390	11,806,379
Deferred income	62,329,604	53,129,244
Total long-term liabilities	<u>1,694,516,079</u>	<u>1,412,570,156</u>
Total liabilities	<u>1,890,620,946</u>	<u>1,550,374,154</u>
Commitments and contingencies	-	-
Net assets		
Net assets without donor restrictions controlling	24,220,365	30,721,172
Net assets without donor restrictions noncontrolling	378,836,177	351,313,263
Total net assets without donor restrictions	<u>403,056,542</u>	<u>382,034,435</u>
Net assets with donor restrictions	6,041,712	5,641,265
Total net assets	<u>409,098,254</u>	<u>387,675,700</u>
Total liabilities and net assets	<u>\$ 2,299,719,200</u>	<u>\$ 1,938,049,854</u>

See Notes to Consolidated Financial Statements.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Activities**  
**For the year ended December 31, 2024 With Comparative Totals for 2023**

	Without donor restrictions	With donor restrictions	Total 2024	Total 2023
Support and revenue				
Rental income	\$ 210,546,499	\$ -	\$ 210,546,499	\$ 193,050,875
Grant income	1,553,840	217,350	1,771,190	4,158,454
Grant income, capital investments	3,561,047	2,574,623	6,135,670	2,897,437
Contribution income	55,714	-	55,714	74,399
Developer fee revenue	2,414,539	-	2,414,539	4,632,235
State tax credit proceeds	12,175,000	-	12,175,000	10,409,310
Property management and related fees	432,557	-	432,557	673,425
Reimbursable salaries and expenses	1,947,056	-	1,947,056	1,219,425
Gain on receipt of mortgage note	-	-	-	3,323,000
Gain on debt forgiveness	574,311	-	574,311	1,259,689
Interest income	8,148,409	-	8,148,409	6,691,199
Loss on investment in partnership	(120,183)	-	(120,183)	(107,681)
Investment (loss) income	(150,730)	-	(150,730)	159,429
Other income	3,684,058	63,324	3,747,382	5,149,215
	<u>244,822,117</u>	<u>2,855,297</u>	<u>247,677,414</u>	<u>233,590,411</u>
Net assets released from restrictions	2,454,850	(2,454,850)	-	-
Total support and revenue	<u>247,276,967</u>	<u>400,447</u>	<u>247,677,414</u>	<u>233,590,411</u>
Expenses				
Personnel	25,456,522	-	25,456,522	23,417,581
Development expense	4,431,017	-	4,431,017	4,859,896
Professional services	1,129,846	-	1,129,846	1,800,979
Contributions and grants made	700,766	-	700,766	371,014
Rental and utilities	1,581,945	-	1,581,945	1,594,791
Taxes and insurance	735,602	-	735,602	773,130
Travel and lodging	1,043,145	-	1,043,145	943,139
Interest expense	4,321,229	-	4,321,229	4,693,965
Reimbursable salaries and expenses	1,947,056	-	1,947,056	1,219,425
Property operations	142,763,424	-	142,763,424	134,376,460
Property mortgage interest	50,757,663	-	50,757,663	48,742,545
Office and administration	2,011,051	-	2,011,051	1,996,313
Depreciation and amortization	47,103,228	-	47,103,228	43,597,904
Community impact	3,896,602	-	3,896,602	3,742,734
Bad debt expense	143,001	-	143,001	354,440
Miscellaneous	121,160	-	121,160	95,149
	<u>288,143,257</u>	<u>-</u>	<u>288,143,257</u>	<u>272,579,465</u>
Total expenses	<u>288,143,257</u>	<u>-</u>	<u>288,143,257</u>	<u>272,579,465</u>
Excess of (expenses over revenue) revenue over expenses	(40,866,290)	400,447	(40,465,843)	(38,989,054)
Excess of expenses over revenue attributable to noncontrolling interests	<u>(31,447,405)</u>	<u>-</u>	<u>(31,447,405)</u>	<u>(35,753,101)</u>
Excess of (expenses over revenue) revenue over expenses attributable to the Company	<u>\$ (9,418,885)</u>	<u>\$ 400,447</u>	<u>\$ (9,018,438)</u>	<u>\$ (3,235,953)</u>

See Notes to Consolidated Financial Statements.



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Functional Expenses**  
**For the year ended December 31, 2024 With Comparative Totals for 2023**

	2024				2023
	Real estate ownership	Management and general	Fundraising	Total	Total
Personnel	\$ 23,376,490	\$ 1,977,567	\$ 102,465	\$ 25,456,522	\$ 23,417,581
Development expense	4,431,017	-	-	4,431,017	4,859,896
Professional services	1,129,846	-	-	1,129,846	1,800,979
Contributions and grants made	700,766	-	-	700,766	371,014
Rental and utilities	1,452,685	122,892	6,368	1,581,945	1,594,791
Taxes and insurance	675,496	57,145	2,961	735,602	773,130
Travel and lodging	962,109	81,036	-	1,043,145	943,139
Interest expense	4,321,229	-	-	4,321,229	4,693,965
Reimbursable salaries and expenses	1,947,056	-	-	1,947,056	1,219,425
Property operations	142,763,424	-	-	142,763,424	134,376,460
Property mortgage interest	50,757,663	-	-	50,757,663	48,742,545
Office and administration	1,846,729	156,227	8,095	2,011,051	1,996,313
Depreciation and amortization	47,103,228	-	-	47,103,228	43,597,904
Community impact	3,840,652	-	55,950	3,896,602	3,742,734
Bad debt expense	143,001	-	-	143,001	354,440
Miscellaneous	111,260	9,412	488	121,160	95,149
	<u>\$ 285,562,651</u>	<u>\$ 2,404,279</u>	<u>\$ 176,327</u>	<u>\$ 288,143,257</u>	<u>\$ 272,579,465</u>

See Notes to Consolidated Financial Statements.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Changes in Net Assets  
For the year ended December 31, 2024 With Comparative Totals for 2023**

	Net assets without donor restrictions			Net assets with donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2023	\$ 35,896,949	\$ 239,990,123	\$ 275,887,072	\$ 4,714,016	\$ 280,601,088
Transfer of limited partnership interest to controlling	(1,012,575)	1,012,575	-	-	-
Capital contributions from noncontrolling interests	-	146,503,531	146,503,531	-	146,503,531
Distributions to noncontrolling interests	-	(369,865)	(369,865)	-	(369,865)
Noncontrolling interests' syndication costs	-	(70,000)	(70,000)	-	(70,000)
Excess of expenses over revenue attributable to noncontrolling interests	-	(35,753,101)	(35,753,101)	-	(35,753,101)
Excess of (expenses over revenue) revenue over expenses attributable to the Company	<u>(4,163,202)</u>	<u>-</u>	<u>(4,163,202)</u>	<u>927,249</u>	<u>(3,235,953)</u>
Ending balance, December 31, 2023	30,721,172	351,313,263	382,034,435	5,641,265	387,675,700
Acquisition of ownership interest	139,150	-	139,150	-	139,150
Transfer of limited partnership interest to noncontrolling	2,778,928	(2,778,928)	-	-	-
Capital contributions from noncontrolling interests	-	62,391,502	62,391,502	-	62,391,502
Distributions to noncontrolling interests	-	(467,255)	(467,255)	-	(467,255)
Noncontrolling interests' syndication costs	-	(175,000)	(175,000)	-	(175,000)
Excess of expenses over revenue attributable to noncontrolling interests	-	(31,447,405)	(31,447,405)	-	(31,447,405)
Excess of (expenses over revenue) revenue over expenses attributable to the Company	<u>(9,418,885)</u>	<u>-</u>	<u>(9,418,885)</u>	<u>400,447</u>	<u>(9,018,438)</u>
Ending balance, December 31, 2024	<u>\$ 24,220,365</u>	<u>\$ 378,836,177</u>	<u>\$ 403,056,542</u>	<u>\$ 6,041,712</u>	<u>\$ 409,098,254</u>

See Notes to Consolidated Financial Statements.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2024 With Comparative Totals for 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Excess of expenses over revenue	\$ (40,465,843)	\$ (38,989,054)
Adjustments to reconcile excess of expenses over revenue to net cash provided by operating activities		
Loss on investment in partnership	120,183	107,681
Investment loss (income)	855,415	(3,669,320)
Depreciation and amortization	47,103,228	43,597,904
Amortization of debt issuance costs	1,414,393	1,989,493
Change in fair market value of interest rate swaps	(497,865)	(923,022)
Loss on sale of properties	(1,431,564)	-
Gain on receipt of mortgage note receivable	-	(3,323,000)
Forgiveness of debt	(574,311)	(1,259,689)
Bad debt expense	849,869	611,436
Changes in		
Accounts receivable	(804,013)	308,013
Prepaid expenses and other assets	(223,162)	(103,855)
Predevelopment costs reimbursable	(5,716,309)	4,707,082
Accounts payable and accrued expenses	7,147,088	1,312,940
Prepaid and deferred revenues	16,777,945	20,172,401
Tenant security deposits	303,644	412,770
Due to affiliates, net	33,006	(1,727,806)
Net cash provided by operating activities	<u>24,891,704</u>	<u>23,223,974</u>
Cash flows from investing activities		
Escrow deposits and restricted reserves, net	(124,705,606)	(38,064,735)
Proceeds from sale of short term investments	7,413,770	9,138,405
Advances on notes receivable and accrued interest	(60,290)	8,407,000
Acquisition of assets	(40,000)	(491,583)
Cash paid for fixed assets	<u>(270,148,031)</u>	<u>(233,015,818)</u>
Net cash used in investing activities	<u>(387,540,157)</u>	<u>(254,026,731)</u>
Cash flows from financing activities		
Proceeds from line of credit	3,000,000	650,000
Payments on line of credit	(1,124,329)	(710,000)
Proceeds from notes and mortgages payable	426,831,949	336,894,388
Payment on notes and mortgages payable	(122,430,182)	(261,111,200)
Debt issuance costs paid	(3,217,731)	(2,649,687)
Syndication costs and tax credit fees paid	(940,446)	(283,188)
Distributions paid to noncontrolling partners	(253,759)	(33,917)
Distributions to noncontrolling members	(213,496)	(335,948)
Noncontrolling partners' capital contributions received	<u>62,391,502</u>	<u>146,503,531</u>
Net cash provided by financing activities	<u>364,043,508</u>	<u>218,923,979</u>

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2024 With Comparative Totals for 2023**

	<u>2024</u>	<u>2023</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 1,395,055	\$ (11,878,778)
Cash, cash equivalents, and restricted cash, beginning of year	<u>107,543,069</u>	<u>119,421,847</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 108,938,124</u></u>	<u><u>\$ 107,543,069</u></u>
Supplemental disclosure of cash flow activities		
Cash paid for interest, including interest capitalized of \$10,363,177 and \$2,394,214, respectively.	<u><u>\$ 50,357,959</u></u>	<u><u>\$ 47,679,767</u></u>
Schedule of noncash investing activities		
Fixed asset costs incurred	\$ 329,539,599	\$ 273,278,860
Fixed assets transferred in connection with common control transaction	(40,283,131)	(35,771,307)
Accounts payable - development, beginning of year	42,873,157	38,381,422
Accounts payable - development, end of year	<u>(61,981,594)</u>	<u>(42,873,157)</u>
Cash paid for fixed assets	<u><u>\$ 270,148,031</u></u>	<u><u>\$ 233,015,818</u></u>
Deferred liability included in residual receipts escrow	<u><u>\$ 10,673</u></u>	<u><u>\$ 652,922</u></u>
Additions to leased assets obtained from new lease liabilities	<u><u>\$ 526,360</u></u>	<u><u>\$ 2,802,259</u></u>

See Notes to Consolidated Financial Statements.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2024 and 2023**

#### **Note 1 - Organization**

Preservation of Affordable Housing, Inc., ("POAH" or the "Company") was created to do exactly what its name suggests, preserve affordable housing stock. The Company is dedicated to the acquisition of and long-term ownership and operation of existing affordable housing properties.

The Company conducts its development and property management business through Preservation of Affordable Housing LLC ("POAH LLC") and its wholly owned subsidiary, POAH Communities LLC ("POAHC LLC"). The Company is located in Boston, Massachusetts, Kansas City, Missouri, Chicago, Illinois, Washington, DC and Cincinnati, OH.

At December 31, 2024, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 185 entities that own, in the aggregate 13,627 units of affordable housing. POAH LLC is the managing member of POAH/Trinity Loan Holding Company, LLC ("PTLHC") and the sole member of POAH Woodlawn Station Master Tenant, LLC ("PWSMT"). At December 31, 2023, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 172 entities that own, in the aggregate 13,126 units of affordable housing.

#### **Note 2 - Summary of significant accounting policies**

##### **Consolidation**

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Company and its core operating subsidiaries, POAH LLC, POAHC LLC, PTLHC and PWSMT. The statements include those 102 entities in which the Company has a 100% ownership interest ("Wholly Owned"). Additionally, in accordance with ASC-810-20, "Control of Partnership and Similar Entities", as described below, the statements include the assets, liabilities, net assets and financial activities of 76 entities in which POAH or affiliates serve as General Partner or Managing Member.

The accompanying 2024 and 2023 consolidated financial statements include the assets, liabilities, equity and financial activities of those limited partnerships and limited liability companies where the Company generally owns a .01 - 1% general partner or managing member interest and represent all properties in which POAH or affiliates act as general partner or managing member and in which third party investors have substantial economic interests ("LP"). All significant inter-company balances and transactions between the Company and the entities have been eliminated in consolidation. Net assets without donor restricted noncontrolling on the accompanying consolidated financial statements reflects the proportional share of equity and operations that is not attributable to the Company's interest in these entities. The limited partnerships and limited liability companies are detailed in note 21.

##### **Net asset classification**

The Company reports information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and with donor restrictions. They are described as follows:

Net assets without donor restrictions – net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor 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, purpose, or other events specified by the donor. Other donor imposed

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates market value.

#### Depreciation

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated asset lives. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

#### Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as direct deduction from the face amount of the permanent mortgage loan payable to which such costs relate. Amortization of the debt issuance costs is reported as a component of interest expense on the consolidated statement of activities and is computed using an imputed interest rate on the related loan.

#### Tax credit and in-place leases

Tax credit compliance monitoring fees are costs related to obtaining low-income housing tax credits, which are being amortized over the mandatory 15-year compliance period. In-place leases are amortized over one year. Unamortized tax credit fees and in-place leases are included in other assets on the consolidated statement of financial position. Amortization expense for the years ended December 31, 2024 and 2023 totaled \$377,622 and \$365,747, respectively. As of December 31, 2024 and 2023, accumulated amortization totaled \$3,540,556 and \$3,375,036, respectively.

Estimated amortization expense for each of the ensuing five years through December 31, 2029 is as follows:

Years	Wholly Owned	LP	Total
2025	\$ 13,792	\$ 412,809	\$ 426,601
2026	11,976	365,977	377,953
2027	-	356,133	356,133
2028	-	313,301	313,301
2029	-	302,110	302,110

#### Accounts receivable

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

#### Grants receivable

Grants receivable represents grants committed but not yet received or costs incurred on cost reimbursable grants that will be billed after December 31, 2024. As of December 31, 2024, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2024 and 2023**

#### **Predevelopment costs reimbursable**

The Company carries all third-party costs associated with the potential acquisition of investment properties as predevelopment costs reimbursable. Costs associated with potential acquisitions that are not deemed probable to be recovered are expensed.

#### **Notes receivable**

Notes receivable are carried at unpaid principal balances net of discount and allowance of doubtful accounts. Interest accrues in accordance with the agreements. Payments on these loans are normally due annually based on available net cash flow. The Company has no policies requiring collateral or other security.

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the consolidated statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

#### **Noncontrolling interests**

Noncontrolling interest in POAH LLC represents the proportional share of equity and operations of PTLHC that is not attributable to POAH LLC's interest in the entity. At December 31, 2024 and 2023, the noncontrolling member's interest totals (\$937,227) and (\$678,248), respectively. Noncontrolling interest in the project limited partnerships and limited liability companies represents various investor limited partners' and members' proportionate share of equity in the project limited partnerships and limited liability companies. At December 31, 2024 and 2023, the noncontrolling partners'/members' interest in the project limited partnerships and limited liability companies were approximately 99.99% and total \$392,822,262 and \$365,040,369, respectively. Income is allocated to noncontrolling interest based on the noncontrolling partners'/members' ownership. At both December 31, 2024 and 2023, eliminations related to the noncontrolling interests total \$13,048,858.

#### **Investment in partnerships**

The Company's investment in limited partnerships are accounted for under the equity method of accounting as the Company does not exercise control or meet the requirements for consolidation. The Company increases its investment balance for capital contributions made and reduces it for any distributions received. Amounts contributed are carried at cost, adjusted for the Company's share of undistributed earnings or losses.

#### **Tax status**

The Company is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3) and did not have any unrelated business income for the years ended December 31, 2024 and 2023. No provision or benefit for income taxes has been included in these consolidated financial statements for POAH LLC, POAHC LLC, PTLHC LLC, PWSMT, and the entities controlled by POAH or an affiliate since the limited liability companies are either disregarded entities of POAH and thus POAH is treated for tax purposes as having earned all of the income and incurred all of the losses directly of those limited liability companies, or the limited liabilities companies are treated as partnerships and thus all of their net taxable profit or loss is passed through to the partners, including POAH. The Company is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2021 remain open.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2024 and 2023**

#### **Use of estimates**

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 certain 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.

#### **Functional expenses**

The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statement of functional expenses. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are tracked using direct identification methodology of charging specific expenses as either program, management and general, or fundraising. The financial statement reports certain categories of expense that are attributable to one or more programs or supporting functions. Those expenses have been allocated based on estimates of time and effort.

#### **Accounting for the impairment of long-lived assets**

The Company reviews its rental 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 loss has been recognized during the years ended December 31, 2024 and 2023.

#### **Revenue recognition**

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the limited partnerships and the tenants of the properties are operating leases.

Rental income from leases on commercial space is recognized on a straight-line basis over the period of the commercial lease.

Revenue from development fees, property management and related fees, and other contractual services is recognized when control of the promised service is transferred to the Company's customers, in an amount that depicts the consideration the Company expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

Contribution revenue is recognized when an unconditional promise to give a financial asset is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

See Note 10 for a further discussion of the Company's revenues.

#### **Derivatives**

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.



## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2024 and 2023**

Effective January 1, 2010, this guidance was codified into ASC-815-10 "Derivatives and Hedging." The Company uses derivatives to manage risks related to interest rate movements. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value.

#### **Fair value measurement**

The Company determines the fair values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with generally accepted accounting principles for *Fair Value Measurements* ASC 820 which requires disclosures about the inputs to fair value measurements, including their classification with a hierarchy that priorities the inputs to fair value measurements.

#### **Summarized comparative information**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2023 from which the summarized information was derived.

#### **Leases**

The Company recognizes a lease asset and a lease liability at the lease commencement date. The lease asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate ranging from 2.64% to 7.50%, and the risk-free rate of 2.016%. The Company determines the incremental borrowing rate using borrowing rates for collateralized financings of similar types of assets.

Total lease costs on an undiscounted basis are recognized as rent expense over the term of the lease on a straight-line basis. Annual rent expense comprises amortization of the lease asset plus interest on the lease liability adjusted for any variations in lease payment amounts.

#### **Reclassifications**

Reclassifications have been made to prior year balances to conform to current year presentation. For the year ended December 31, 2023, escrows of \$128,541,443 is reclassified from current assets to other assets in the consolidated statement of financial position.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

#### Note 3 - Liquidity and availability

Financial assets available for general expenditure within one year as year-end consist of the following:

	December 31, 2024		December 31, 2023	
	Consolidated	Core Operating Companies	Consolidated	Core Operating Companies
Cash, cash equivalents, and restricted cash	\$ 95,723,522	\$ 43,389,043	\$ 93,277,654	\$ 45,760,725
Grants and pledges receivable	231,936	231,936	116,150	116,150
Accounts receivable	8,182,264	7,582,139	8,124,291	8,085,295
Development fee receivable - affiliates	-	20,353,544	-	15,281,734
Short-term investments	5,790,959	5,790,959	13,204,729	13,204,729
Undrawn lines of credit	10,943,392	10,943,392	13,469,063	13,469,063
Total financial assets	120,872,073	88,291,013	128,191,887	95,917,696
Less amounts not available to be used within one year				
Grant receivables, restricted cash, or donor imposed restrictions	(16,891,530)	(16,891,530)	(20,443,621)	(20,443,621)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 103,980,543</u>	<u>\$ 71,399,483</u>	<u>\$ 107,748,266</u>	<u>\$ 75,474,075</u>

The Company regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Company operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Company has various sources of liquidity at its disposal including cash, a steady revenue stream from its developer fees, notes receivable, rental income, and various annual service fees.

#### Note 4 - Restricted property reserves

##### Escrow deposits

Certain subsidiaries make required monthly escrow deposits for taxes and insurance in separate bank accounts. The mortgagor for the subsidiary controls these escrow deposits.

##### Construction and bond escrows

Many POAH subsidiaries maintain construction and bond escrows during the construction period to hold bond proceeds and make related construction disbursements.

##### Reserves for replacements

Many POAH subsidiaries are required to make monthly deposits for replacement of project assets, such replacement reserve deposits are controlled by the Department of Housing and Urban Development ("HUD") or other financing authorities.

##### Other reserves

The Company and some of its subsidiaries maintain other reserves for the purpose of maintaining and replacing property and equipment, paying insurance, taxes, and various other purposes.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

#### Operating reserves

The Company and some of its subsidiaries maintain an operating reserve for the purposes of meeting operating expenses in excess of operations for any given year.

#### Residual receipts

Certain subsidiaries are also required to make yearly deposits of surplus cash, if any, to residual receipts accounts controlled by project sponsors. Use of residual receipt funds is contingent on prior written approval of HUD.

Restricted property reserves are as follows:

	December 31, 2024	December 31, 2023
Tax and insurance escrows	\$ 23,882,604	\$ 21,402,495
Construction escrows	14,369,575	3,159,191
Bond escrows	146,687,606	44,360,482
Reserves for replacement	35,682,354	33,277,909
Other reserves	9,928,403	10,537,687
Resident service, lease up, stabilization reserves	2,289,078	2,190,846
Operating reserves	44,795,209	36,207,481
Debt service reserves	4,044,458	3,385,095
Capital needs reserves	2,012,159	4,113,629
Residual receipts reserves	1,054,315	1,405,340
Total Restricted property reserves	<u>\$ 284,745,761</u>	<u>\$ 160,040,155</u>

#### Note 5 - Notes receivable

The Company, as the sponsor of the entities that own the affordable housing developments, holds various notes receivable from the entities. Certain notes were contributed to the Company by HUD in connection with the Mark-to-Market restructuring. The notes bear interest at various rates, are generally secured but subordinate to the first mortgages on the properties and are payable from available cash flow. The notes, at the time of receipt by the Company, were recorded at a discount rate reflecting the present value of future projected cash flows. The discount rate was 17% for notes received prior to 2005 and 20% for notes received thereafter. The interest income that is received by the Company is recorded based on the amortization schedules at the discounted note values. Payments received in excess of the amortization schedules are recorded to income in the year of the excess payment.

Other loans have been originated by the Company and were funded by reserves or represent seller financing provided to the affordable housing development. These notes have been recorded simultaneously with a deferred gain (see Note 22).

Management has established an allowance for amounts deemed uncollectible in the amount of \$27,726,962 and \$14,861,894, respectively, as of December 31, 2024 and 2023.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2024 and 2023**

A summary of the notes receivable and accrued interest is as follows:

	Balance at December 31, 2024	Balance at December 31, 2023
Mark-to-market loans, bearing interest from 1% to 5.5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2059, net of discount of \$9,601,311.	\$ 11,403,858	\$ 11,403,858
Resale loans, bearing interest from 2.64% to 12%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2061, net of allowance of \$2,240,000.	35,989,981	41,860,155
Reserve loans, bearing interest from 0% to 6.75%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073, net of allowance of \$1,686,798.	29,480,468	28,777,091
State tax credit loans, bearing interest from 0% to 5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073, net of allowance of \$5,004,245.	41,754,991	29,696,491
Grant fund loans, bearing interest from 1% to 8%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2076, net of allowance of \$2,605,361.	54,162,815	44,029,504
Deferred developer fee loans, bearing interest from 2.62% to 5.5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2055, net of allowance of \$270,000.	555,000	555,000
Other loans, bearing interest from 1% to 8%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2064, net of allowance of \$15,920,558 and \$3,055,490, respectively.	93,475,267	87,765,590
Seller loans, bearing interest from 1% to 5.09%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2065.	4,999,463	5,028,273
Accrued interest	3,329,270	5,034,682
	\$ 275,151,113	\$ 254,150,644
Eliminated in consolidation	(255,085,363)	(234,084,894)
	\$ 20,065,750	\$ 20,065,750

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

The Company only records accrued interest receivable to the extent that payment is expected from the properties from available surplus cash. Interest of \$46,379,551 and \$39,703,135 for 2024 and 2023, respectively, has not been recorded in these consolidated financial statements because no assurance can be made that it will be paid.

In 2014, a change was implemented relating to properties purchased and controlled by entities wholly owned by the Company and subsequently sold to limited partnerships ("LP's") where the Company retains a general partner or controlling interest. Under common control accounting guidance, the acquired assets on the acquiring entity's books are recorded at the net book value as reflected on the selling entity's books at the date of the acquisition and not at the fair value as determined by an appraisal. The net book value is typically less than the fair value purchase price of the acquired assets.

In prior years the fair value gain on sale was recognized by the Company or POAH LLC as a seller note receivable and related deferred gain. The change in guidance, effective for the year ended December 31, 2014, precludes recording these notes and deferred gain on the Company's consolidated statement of financial position or POAH LLC's balance sheet.

At December 31, 2024 and 2023, notes receivable totaling \$101,538,563 and \$101,872,553, respectively, are assets of the Company, however, they are not reflected as a component of notes receivable on the consolidated statement of financial position because they represent notes receivable related to acquisitions under common control. The Company records cash payments on such notes receivable and interest income as a component of equity. At December 31, 2024 and 2023, interest income in the amount of \$346,092 and \$513,940, respectively, is recorded as a component of equity, and is eliminated in consolidation. At December 31, 2024 and 2023, principal payments in the amount of \$333,990 and \$469,850, respectively, is recorded as a component of equity, and is eliminated in consolidation.

A summary of these common control notes receivable and accrued interest at year end is as follows:

	Balance at December 31, 2024	Balance at December 31, 2023
Resale loans, bearing interest from 1.95% to 7%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073.	\$ 100,763,571	\$ 100,956,888
Reserve loans, bearing interest from 3.2% to 5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2055.	774,992	915,665
Accrued interest	491,852	576,956
	102,030,415	102,449,509
Common control assets not recorded	(101,538,563)	(101,872,553)
Eliminated in consolidation	(491,852)	(576,956)
	<u>\$ -</u>	<u>\$ -</u>

# **Preservation of Affordable Housing, Inc. and Subsidiaries**

## **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

### **Note 6 - Loans and notes payable**

Notes payable as of December 31, 2024 and 2023, include both secured and unsecured borrowings and consist of the following:

	As of year ended December 31, 2024			Outstanding balance as of	
	Gross Capacity	Rate	Maturity Date	December 31, 2024	December 31, 2023
<b>POAH INC</b>					
Loans passed thru to properties					
Arc Chicago, LLC	\$ 6,000,000	5.00%	4/1/2030	\$ 3,000,000	\$ 3,000,000
Great Cincinnati Foundation	1,000,000	2.50%	12/31/2027	1,000,000	1,000,000
Subtotal POAH INC debt				4,000,000	4,000,000
<b>POAH LLC</b>					
Corporate operating and predevelopment lines of credit					
Calvert Impact Capital, Inc.	15,000,000	UST + 2.5%	6/27/2029	5,000,000	6,750,000 (1)
Local Initiatives Support Corporation	7,750,000	4.75%	11/1/2026	815,500	815,500 (2)
Subtotal - Corporate operating and predevelopment lines of credit				5,815,500	7,565,500
Loans passed thru to properties					
Cambridge Affordable Housing Trust - Briston Arms	2,400,000	4.00%	6/30/2035	2,400,000	2,400,000
Ohio Housing Finance Agency - various OH	2,157,996	2.00%	2025-2042	-	1,831,544
Subtotal - Loans passed thru to properties				2,400,000	4,231,544
Subtotal POAH LLC debt				8,215,500	11,797,044
<b>PWSMT</b>					
Chicago Community Loan Fund	700,000	5.00%	12/1/2025	692,314	692,314
Subtotal PWSMT debt				692,314	692,314
Total debt				12,907,814	16,489,358
Less: unamortized debt issuance costs				(20,165)	(40,993)
Total				12,887,649	16,448,365
Less: current portion				(2,021,829)	(6,750,000)
Noncurrent portion				\$ 10,865,820	\$ 9,698,365

(1) Unsecured, 4.38% and 4.13%, respectively, at 12/31/2024 and 12/31/2023

(2) Secured by mortgage note receivable from Blackstone

As of December 31, 2024 and 2023, accrued interest is \$1,142,392 and \$1,488,313, respectively. For the years ended December 31, 2024 and 2023, \$626,668 and \$897,402, respectively, of interest expense was recorded on the consolidated statement of activities. For the years ended December 31, 2024 and 2023, amortization expense incurred was \$20,828 and is included in interest expense on the consolidated statement of activities.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

Annual maturities of debt, including voluntary prepayments, for the ensuing five years as of December 31, 2024 are as follows:

	INC	LLC	Total
2025	\$ 514,015	\$ 1,507,814	\$ 2,021,829
2026	-	-	-
2027	-	-	-
2028	333,333	-	333,333
2029	333,333	5,000,000	5,333,333
Thereafter	2,819,319	2,400,000	5,219,319

#### Note 7 - Lines of credit

##### Citizens Bank

In July 2023, the Company entered into a \$650,000 bridge loan agreement with Citizens Bank, N.A. for the purpose of financing construction of the Meridian Point at Goulds Station in Miami, FL. Interest is determined based on the Secured Overnight Financing Rate with and a potential adjustment of 0.10% with the floor of 1% (5.34% and 5.38% at May 31, 2024 and December 31, 2023, respectively) and is payable monthly. The outstanding principal balance is due in full with any accrued and unpaid interest on the Maturity date of April 05, 2024. In May 2024, the line was repaid and closed. During the years ended December 31, 2024 and 2023, interest expense of \$18,726 and \$17,008, respectively, was recorded on the consolidated statement of activities. At December 31, 2024 and 2023, \$0 and \$650,000, respectively, is outstanding on the line, and accrued interest is \$0 and \$4,438, respectively.

##### First Citizens Bank

POAH LLC entered an agreement for a revolving demand line of credit note ("RLOC") with First Citizens Bank and Trust Company with Eastern Bank as a participant in the amount of \$6,000,000 with a maturity date of March 29, 2022. The note accrues interest equal to the Prime Rate minus 25 basis points (7.25% and 8.25% at December 31, 2024 and 2023, respectively) and is payable monthly. The line is collateralized by the mortgage note receivable from Franklin. In April 2020, the line was temporarily increased to \$7,000,000 with the increase terminating on October 29, 2021.

In November 2020, the line was amended to add an organizational standby revolving line of credit ("OSRLOC") facility loan of \$2,000,000 for the purpose of providing standby letters of credit to support the Company's development activities and had a maturity date of November 2023. Each letter of credit shall have a term of no greater than five years.

In October 2021, the RLOC was permanently increased to \$7,000,000 and the maturity date was extended to October 29, 2024. In October 2024, the maturity date was extended to October 29, 2027. In June 2023, the OSRLOC was increased to \$4,000,000, the maturity date was extended to June 2026, and the mortgage note receivable from Kenmore was provided as additional collateral. During the years ended December 31, 2024 and 2023, interest expense of \$169,425 and \$235,620, respectively, was recorded on the consolidated statement of activities. At December 31, 2024, \$4,741,108 is outstanding on the RLOC, \$2,250,000 is outstanding on the OSRLOC, and accrued interest is \$25,192. At December 31, 2023, \$2,215,437 is outstanding on the RLOC, \$2,250,000 is outstanding on the OSRLOC, and accrued interest is \$20,783.

As of December 31, 2024 and 2023, the outstanding principal on the line of credit less unamortized debt issuance costs was \$4,721,935 and \$2,830,992, respectively. As of December 31, 2024 and

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

2023, unamortized debt issuance cost of \$19,173 and \$34,445, respectively. During the years ended December 31, 2024 and 2023, amortization expense incurred was \$15,272 and \$18,810, respectively.

Annual maturities of debt, including voluntary prepayments, for the ensuing two years as of December 31, 2024 are as follows:

2025	\$	3,400,000
2026		1,341,108

#### Note 8 - Mortgages payable - properties

The Company receives financing for the affordable housing properties from various federal, state and local agencies and financial institutions. These loans are nonrecourse to the Company and are secured by mortgages on the properties. Some of the mortgages also require monthly remittances for escrows and reserves.

The entities in which the Company owns a general partner or managing member interest have outstanding mortgage loans and notes payable. Generally, the loans are secured by security interests and liens common to mortgage loans on the entities' real property and other assets and are nonrecourse to the Company. Such loans bear interest at rates ranging from approximately 0% to 8% per annum. The majority of the first mortgage loans require monthly payments of principal and interest, while some of the subordinate loans are only payable from available cash flow and/or deferred to maturity. The mortgages mature in years from 2025 to 2059. Forgiveness of certain loans was received in accordance with respective extinguishment of debt agreements. For the years ended December 31, 2024 and 2023, gain on debt forgiveness of \$574,311 and \$1,259,689, respectively, was recorded on the consolidated statement of activities. For those mortgages payable to POAH or an affiliate, the effect of the loan has been eliminated in the consolidation for each year.

A summary of the mortgages and notes payable at year-end is as follows:

	Balance at December 31, 2024	Balance at December 31, 2023
Permanent conventional loans, bearing compounded interest from 1.00% to 7.40%, generally with principal and interest due monthly, to be repaid in full on various maturity dates through 2049.	\$ 236,932,128	\$ 216,968,210
Federal, state and local agency loans, bearing interest from 0% to 7.75%, generally with principal and interest due monthly or payable from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2053.	97,948,196	110,635,155
Other loans, bearing interest from 0% to 12%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2059.	82,500,481	74,532,388
Accrued interest	40,929,901	33,385,908
Wholly owned entities	458,310,706	435,521,661



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2024 and 2023**

	Balance at December 31, 2024	Balance at December 31, 2023
Entities controlled by POAH or affiliates	1,473,129,446	1,157,168,258
Unamortized debt issuance costs	(17,093,859)	(18,592,211)
	1,914,346,293	1,574,097,708
Mortgages and notes eliminated in consolidation	(295,992,892)	(262,820,115)
	<u>\$ 1,618,353,401</u>	<u>\$ 1,311,277,593</u>

During the years ended December 31, 2024 and 2023, amortization expense incurred on debt issuance costs was \$1,280,415 and \$1,851,978, respectively, and was included in property mortgage interest in the consolidated statement of activities. A summary of the mortgages payable and related deferred financing costs is as follows:

	Wholly Owned	LP	Total Balance at December 31, 2024	Wholly Owned	LP	Total Balance at December 31, 2023
Mortgages payable less						
unamortized debt issuance costs	\$ 247,286,640	\$ 618,826,264	\$ 866,112,904	\$ 231,037,983	\$ 528,154,234	\$ 759,192,217
Debt issuance costs	\$ 6,831,051	\$ 20,540,161	\$ 27,371,212	\$ 6,801,319	\$ 21,813,984	\$ 28,615,303
Less: accumulated amortization	(3,933,885)	(6,343,468)	(10,277,353)	(3,409,360)	(6,613,732)	(10,023,092)
Unamortized debt issuance costs	<u>\$ 2,897,166</u>	<u>\$ 14,196,693</u>	<u>\$ 17,093,859</u>	<u>\$ 3,391,959</u>	<u>\$ 15,200,252</u>	<u>\$ 18,592,211</u>

Annual maturities of debt for the ensuing five years are summarized as follows:

Years	Wholly Owned	LP	Total
2025	\$ 30,698,695	\$ 53,884,612	\$ 84,583,307
2026	11,645,378	8,024,518	19,669,896
2027	5,600,952	9,924,336	15,525,288
2028	4,132,355	10,723,195	14,855,550
2029	8,121,075	9,032,303	17,153,378

To minimize the effect of changes in interest on a mortgage note, POAH Support Corporation ("PSC"), entered into interest rate swap agreements with BMO Harris Bank under which PSC pays interest at a fixed rate of 1.31% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent a liability in the amount of \$100,370 as of December 31, 2024 and 2023, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

To minimize the effect of changes in interest on a mortgage note, Woodlawn Station Preservation Associates Limited Partnership ("WSPALP"), entered into interest rate swap agreements with the Bank of Montreal under which WSPALP pays interest at a fixed rate of 5.53% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent an asset of \$220,444

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2024 and 2023**

and \$95,040, respectively, as of December 31, 2024 and 2023, included in other assets, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

To minimize the effect of changes in interest on a mortgage note, Hawthorne Place II Preservation Associates Limited Partnership ("HPIIPALP"), entered into two interest rate swap agreements with the Boston Private Bank & Trust under which HPIIPALP pays interest at a fixed rate of 4.35% and 4.385% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent an asset of \$1,499,701 and \$1,127,240, respectively, as of December 31, 2024 and 2023, included in other assets, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

#### **Note 9 - Acquisitions of rental property**

Acquisition of real property is accounted for as asset acquisitions and recorded at proportional fair value at the time of purchase as determined by an appraisal. During the years ended December 31, 2024 and 2023, the Company recorded the acquisition of real property totaling \$13,898,959 and \$15,873,759, respectively.

#### **Note 10 - Revenue**

Revenue is recognized when control of the promised service is transferred to the Company's customers, in an amount that depicts the consideration the Company expects to be entitled to in exchange for those services.

##### **Development fee**

Most development fees earned are paid from the Project's equity and debt proceeds at the completion of the construction of the Project. These fees are recognized over the development period beginning when the Project is assured of being constructed, as evidenced by the admission of an equity partner, and concluding with the approval of the cost certification of the respective housing credit agency.

The Company estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in *ASC Topic 606, Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside the Project's influence, including insufficient equity and debt proceeds at the completion of the construction of the Project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- The Company's experience with similar types of agreements.
- Whether the Company expects to offer changes to payment terms.
- The range of possible consideration amounts.

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on the Company's estimate of the variable consideration using available

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements December 31, 2024 and 2023**

information at the reporting date. Deferred development fees payable from property surplus cash are recognized at such time as there is available surplus cash.

#### **Management service revenue**

POAHC provides property management services on a contractual basis for owners of and investors in affordable housing properties. These services include management, marketing, building engineering, accounting, compliance, and financial services. POAHC is compensated for its services through a monthly management fee earned based on either a specified percentage of the monthly rental income, rental receipts generated from the property under management or a fixed fee. POAHC is also often reimbursed for its administrative and payroll costs directly attributable to the properties under management. Property management services represent a series of distinct daily services rendered over time. Consistent with the transfer of control for distinct, daily services to the customer, revenue is recognized at the end of each period for the fees associated with the services performed.

#### **State tax credit proceeds**

POAH INC receives State Low Income Housing Tax Credits, State Historic Tax Credits and Brownsfield Tax Credits generated from limited partnership properties. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time upon delivery of the respective credit certification. During the years ended December 31, 2024 and 2023, revenue of \$12,175,000 and \$10,409,310, respectively, were earned.

#### **Other fee revenue from properties**

The Company earns other fees from related affordable housing properties in accordance with property partnership agreements. These fees are only payable from property surplus cash or refinancing proceeds. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time which is such time as there is available surplus cash or refinancing proceeds.

#### **Note 11 - Bonds payable**

The Company received an issuer credit rating from Standard & Poor's of A+ with a stable outlook with the intention to issue bonds to further its mission. In April 2022, the Company issued Series 2022 taxable bonds (Sustainability Bonds) in the amount of \$75,000,000. The bonds constitute unsecured general obligations of the Company. The proceeds of the bonds are to be used to (i) refinance certain existing debt obligations (ii) finance additional mission aligned affordable housing projects, and (iii) pay costs of issuance of the Bonds. The bonds bear interest at 4.479% and interest payments are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022. The bonds are subject to optional redemption by the Company in whole or in part, with principal due in full on December 1, 2032. During the years ended December 31, 2024 and 2023, interest expense of \$3,359,250 was recorded on the consolidated statement of activities. As of December 31, 2024 and 2023, the balance of the bonds payable is \$75,000,000, and accrued interest is \$270,606.

As of December 31, 2024 and 2023, the balance of the Bonds payable less unamortized debt issuance costs was \$74,225,133 and \$74,127,255, respectively. As of December 31, 2024, unamortized debt issuance costs related to the bonds total \$774,867 consist of issuance costs of \$1,044,031 less accumulated amortization of \$269,164. As of December 31, 2023, unamortized debt issuance costs related to the bonds total \$872,745 consist of issuance costs of \$1,044,031 less accumulated amortization of \$171,286. For the years ended December 31, 2024 and 2023, \$97,878 of amortization was incurred and is included in interest expense on the consolidated statement of activities.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

#### Note 12 - Related party transactions

##### Notes and other receivables from affiliates

For the years ended December 31, 2024 and 2023, the Company's notes receivable and accounts receivable are amounts receivable from limited partnerships in which the Company is a general partner. The effect of these transactions has been eliminated in consolidation each year.

##### Administrative salaries and costs

The Company provides various services related to the administration of POAH LLC. For the years ended December 31, 2024 and 2023, POAH LLC incurred \$14,857,867 and \$13,340,128, respectively, for compensation, overhead and rent from the Company.

##### Property management and related fees

Property management and related fees were earned by POAHC from related properties in 2024 in the amount of \$12,312,235, of which \$12,031,155 has been eliminated in consolidation, and in 2023 in the amount of \$12,123,915, of which \$11,512,208 has been eliminated in consolidation. At December 31, 2024 and 2023, \$5,482,753 and \$6,025,152, respectively, is due from related parties for services and advances net of an allowance for doubtful accounts which is estimated to be \$3,402,597 and \$2,695,729, respectively.

##### Development fee and other revenue from properties

For the years ended December 31, 2024 and 2023, the Company and POAH LLC earned development fee revenue and fees from properties as follows:

	2024	2023
Development fee paid from development sources	\$ 14,569,073	\$ 12,785,232
Development fee paid from cash flow	2,784,177	2,863,591
Other fee revenue	1,706,580	718,471
Proceeds from property refinancing	1,708,603	-
	<u>20,768,433</u>	<u>16,367,294</u>
Cash flow fees from certain related properties	2,546,724	788,169
	<u>\$ 23,315,157</u>	<u>\$ 17,155,463</u>
Development and cash flow fees eliminated in consolidation	<u>(20,900,618)</u>	<u>(12,523,228)</u>
	<u>\$ 2,414,539</u>	<u>\$ 4,632,235</u>

At December 31, 2024 and 2023, \$23,241,897 and \$17,853,876, respectively, is due from related properties for development and cash flow fees. The effect of these transactions has been eliminated in consolidation each year. At December 31, 2024 and 2023, development fees received but not yet earned are \$688,616 and \$946,948, respectively, and is shown as a component of deferred income on the consolidated statement of financial position.

##### Operating Deficit funding

POAH LLC funds operating deficits on behalf of related properties. For the years ended December 31, 2024 and 2023, POAH LLC funded \$4,556,826 and \$5,376,885, respectively, of operating deficits. At December 31, 2024 and 2023, POAH LLC owes properties \$0 and \$328,554, respectively.

##### Reimbursable salaries and expenses

POAHC incurs costs related to payroll, technical support and other reimbursable expenses on behalf of the properties that it manages. In 2024, the costs incurred and the related reimbursement from related properties totaled \$36,509,862, of which \$34,938,817 has been eliminated in consolidation,

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

and in 2023, the costs incurred and the related reimbursement from related properties totaled \$30,572,046, of which \$29,529,975 has been eliminated in consolidation. The effect of these transactions has been eliminated in consolidation each year.

#### Ground and master tenant leases

For the years ended December 31, 2024 and 2023, certain entities that the Company is a general partner or sole member in have ground lease or master lease agreements with limited partnerships in which the Company is a general partner or other entities the Company owns/controls. The leases provide the LPs with the right to use the land upon which the project is located or master lease residential buildings or commercial space and are classified as operating leases. Base rent shall be due per the respective agreements. The effect of these transactions have been eliminated in consolidation each year.

#### Note 13 - Investment in partnerships

The Company, either as the sole member of the entity or the 100% owner of the general partner, has made capital contributions to some of the entities that own affordable housing developments. At December 31, 2024 and 2023, investment in properties is \$26,573,757 and \$28,784,774, respectively, of which \$25,158,071 and \$27,258,358, respectively, has been eliminated in consolidation.

In May 2018, the Company purchased a non-controlling general partner interest in seven properties located in Cincinnati, OH. In July 2022, the Company made an investment of a non-controlling interest in a property located in Chicago, IL. The investments are recorded using the equity method. The balance of this investment at December 31, 2024 and 2023 is \$1,415,686 and \$1,526,416, respectively. The investment balances of these properties are included in the investment in properties balances noted above.

In May 2018, the Company purchased the managing member general partner interest in Losantiville Apartments Limited Partnership ("LALP"). LALP is the limited partner in Elm St. Senior Housing, Ltd, an unrelated entity. The investment is recorded using the equity method. The balance of this investment at December 31, 2024 and 2023 is \$1,063,227 and \$1,089,891, respectively.

Certain financial information with respect to these investments at December 31, 2024 and 2023, and the years then ended, are as follows:

	2024	2023
Net investment in real estate	\$ 59,709,238	\$ 64,960,789
Total assets	66,526,509	73,391,380
Permanent financing (including accrued interest)	33,436,470	38,657,361
Total liabilities	40,531,156	43,659,824
Limited partner's equity	21,672,730	25,849,871
General partners' equity	4,322,623	3,881,685
Revenue	7,001,486	7,581,103
Expenses	12,802,993	13,803,970
Net loss	(5,801,507)	(6,222,867)

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

#### Note 14 - Investments

The Company invested Sustainability Bonds proceeds in a laddered bond portfolio until funds are deployed for mission driven investments. At December 31, 2024 and 2023, the Company had marketable debt securities that were recorded at fair value. These securities consisted of the following:

	December 31, 2024	December 31, 2023
Treasury bills	\$ 5,790,959	\$ 13,204,729
Total investments	\$ 5,790,959	\$ 13,204,729

The return on investments for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Interest and dividends	\$ 569,557	\$ 874,357
Unrealized (loss) gain	(28,471)	129,705
Total return on investment	\$ 541,086	\$ 1,004,062

#### Note 15 - Fair value measurements

The Financial Accounting Standards Board's ("FASB") guidance on fair value measurements requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. FASB's guidance established a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. Preference is given to observable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. FASB's guidance requires the use of observable data if such data is available without undue costs and effort.

The fair value hierarchy under the guidance is as follows:

- Level 1 - quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

- Level 2 - quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3 - prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The fair value of the Company's investments that are reported in the accompanying consolidated statement of financial position at December 31, 2024 and 2023 were as follows:

	2024 Level 2	2023 Level 2
Treasury bills	\$ 5,790,959	\$ 13,204,729
Total investments	\$ 5,790,959	\$ 13,204,729

#### Note 16 - Leases

##### Office leases

In December 2019, the Company entered into a new non-cancelable operating lease in Boston, MA that commenced in August 2020 and expires in October 2030. The lease liability at December 31, 2024 and 2023 of \$5,698,898 and \$6,502,136, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. Rental expense, inclusive of operating costs, for the years ended December 31, 2024 and 2023 totaled \$1,052,634 and \$1,029,032, respectively. As of December 31, 2024 and 2023, the right-of-use asset totals \$5,322,678 and \$6,129,047, respectively.

In February 2023, the Company entered into a new non-cancelable operating lease in Washington, DC which expired in December 2024. The lease liability at December 31, 2024 and 2023 of \$10,000 and \$23,118, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 7.50%. Rental expense, inclusive of operating costs, for the years ended December 31, 2024 and 2023 totaled \$24,000 and \$21,929, respectively. As of December 31, 2024 and 2023, the right-of-use asset totals \$0 and \$23,118, respectively.

POAH LLC leases office space under a non-cancelable operating lease in Chicago, Illinois. In September 2017, a lease extension was executed that commenced in May 2018 and expires in April 2025. The lease liability at December 31, 2024 and 2023 of \$63,941 and \$235,179, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. Rental expense, inclusive of operating costs, for the years ended December 31, 2024 and 2023 totaled \$200,610 and \$208,978, respectively. As of December 31, 2024 and 2023, the right-of-use asset totals \$56,052 and \$220,626, respectively.

POAH LLC leases office space under a non-cancelable operating lease in Washington, DC which expires in July 2022. In April 2022, the option to extend the lease was exercised with a commencement date in August 2022 and expires in December 2026. The lease liability at December 31, 2024 and 2023 of \$157,803 and \$230,538, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 5.25%. Rental expense, inclusive of operating costs, for the years ended December 31, 2024 and 2023 totaled \$84,122. As of December 31, 2024 and 2023, the right-of-use asset totals \$158,976 and \$232,347, respectively.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

POAHC leases office space under a non-cancelable operating lease in Kansas City, Missouri, which expires in March 2025, and has since continued on a month-to-month under the same terms. The lease liability at December 31, 2024 and 2023 of \$27,773 and \$204,800, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2024 and 2023 totaled \$129,623. As of December 31, 2024 and 2023, the right-of-use asset totals \$53,801 and \$179,501, respectively.

The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liabilities on December 31, 2024, which are recorded on a present value basis and included in other long-term liabilities on the consolidated statement of financial position, are as follows:

	POAH INC	POAH LLC	POAHC	Total
December 31, 2025	\$ 1,006,667	\$ 150,120	\$ 41,930	\$ 1,198,717
2026	1,025,995	88,352	-	1,114,347
2027	1,045,323	-	-	1,045,323
2028	1,064,651	-	-	1,064,651
2029	1,089,979	-	-	1,089,979
Thereafter	1,009,888	-	-	1,009,888
	<u>6,242,503</u>	<u>238,472</u>	<u>41,930</u>	<u>6,522,905</u>
Less discount	(533,605)	(16,728)	(14,157)	(564,490)
Total	<u>\$ 5,708,898</u>	<u>\$ 221,744</u>	<u>\$ 27,773</u>	<u>\$ 5,958,415</u>

#### Leases not yet commenced

In December 2024, POAH LLC entered into a new lease agreement for office space in Chicago, Illinois. The lease is scheduled to commence in June 2025 and expire in May 2032. Upon commencement, the Company anticipates recognizing a right-of-use asset and corresponding lease liability of approximately \$727,953, based on current estimates of the incremental borrowing rate of 7.25% and lease terms.

In October 2024, POAHC entered into a new lease agreement for office space in Kansas City, Missouri. The commencement date is defined as the earlier of (i) the later of (a) the substantial completion of the premises and (b) April 1, 2025, and (ii) the date the Company begins business operations at the premises. The lease term will end on the last day of the 125th full calendar month following the commencement date. Upon commencement, the Company anticipates recognizing a right-of-use asset and corresponding lease liability of approximately \$2,010,774, based on current estimates of the incremental borrowing rate of 7.25% and lease terms.



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2024 and 2023**

Future minimum lease payments related to these leases are as follows:

	POAH LLC	POAHC	Total
December 31, 2025	\$ 48,407	\$ 22,423	\$ 70,830
2026	110,127	269,564	379,691
2027	112,872	275,414	388,286
2028	128,720	281,263	409,983
2029	158,649	287,113	445,762
Thereafter	399,471	1,818,220	2,217,691
Total	<u>\$ 958,246</u>	<u>\$ 2,953,997</u>	<u>\$ 3,912,243</u>

**Ground and master tenant leases**

Various properties have entered into ground leases or master tenant lease agreements, some of which are with affiliated entities. Leases expire ranging from 2028-2097. The lease liabilities at December 31, 2024, of \$23,515,351, of which \$19,582,179 is eliminated in consolidation, is the present value of remaining scheduled lease payments per the respective lease agreements discounted using the incremental borrowing rate ranging from 2.64% to 8.25% and the risk-free rate of 2.016%. The lease liabilities at December 31, 2023, of \$23,897,125, of which \$19,802,472 is eliminated in consolidation, is the present value of remaining scheduled lease payments per the respective lease agreements discounted using the incremental borrowing rate ranging from 2.64% to 8.25% and the risk-free rate of 2.016%. Rental expense, inclusive of any applicable real estate taxes and operating costs, for the year ended December 31, 2024 total \$1,208,279, of which \$1,127,430 is eliminated in consolidation, and in 2023, totaled \$763,695, of which \$682,129 is eliminated in consolidation. As of December 31, 2024 and 2023, the right-of-use assets total \$37,345,132, of which \$16,901,622 was eliminated in consolidation and \$37,346,652, of which \$17,192,795 was eliminated in consolidation, respectively.

The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liability on December 31, 2024, which are recorded on a present value basis and included in other long-term liabilities on the consolidated statement of financial position, are as follows:

	Wholly Owned	LP	WSMT	Total
December 31, 2025	\$ 562,242	\$ 262,227	\$ 109,084	\$ 933,553
2026	565,351	265,664	111,266	942,281
2027	568,588	269,203	113,491	951,282
2028	515,107	272,695	115,761	903,563
2029	348,065	276,290	118,076	742,431
Thereafter	5,614,998	35,940,917	1,115,347	42,671,262
	<u>8,174,351</u>	<u>37,286,996</u>	<u>1,683,025</u>	<u>47,144,372</u>
Less discount	<u>(1,495,438)</u>	<u>(21,912,764)</u>	<u>(220,819)</u>	<u>(23,629,021)</u>
	6,678,913	15,374,232	1,462,206	23,515,351
Eliminated in consolidation	<u>(6,678,913)</u>	<u>(11,441,060)</u>	<u>(1,462,206)</u>	<u>(19,582,179)</u>
Total	<u>\$ -</u>	<u>\$ 3,933,172</u>	<u>\$ -</u>	<u>\$ 3,933,172</u>

# **Preservation of Affordable Housing, Inc. and Subsidiaries**

## **Notes to the Consolidated Financial Statements** **December 31, 2024 and 2023**

### **Note 17 - Commitments and contingencies**

The Company or its affiliates serve as the general partner or managing member for various entities that are the owners of the affordable housing properties. The investors and in some cases the lenders in these entities usually require guarantees from POAH entities on behalf of the general partner or managing member as a condition to their investment. Generally, these guarantees are for obligations such as construction and rehabilitation completion, funding of operating deficits and tax credit recapture price adjusters.

Management anticipates repayment of the construction debt using committed sources including proceeds from permanent debt and/or low-income housing tax credit equity. These planning actions are expected to enable the Company to continue operating and meeting its obligations as they come due.

A summary of the guarantees outstanding at December 31, 2024 is as follows. See Note 21 for a detail of these entities.

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2024
Jefferson - 8330 On The River	(1)	N/A	N/A	December 2026	\$970,894	\$1,006,319
Driftwood - Water's Edge Apartment	(1)	N/A	N/A	None	420,705	None
United Front - Temple Landing	(1), (3)	N/A	N/A	(7)	1,050,000	148,000
WCS - The Jackson at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	310,000	None
Renaissance	(1), (3)	N/A	N/A	(7)	886,000	N/A
WCN - The Grant at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	162,500	35,000
Clay Pond Cove	(1), (3)	N/A	N/A	(7)	393,543	None
Central Annex	(3), (9)	N/A	N/A	N/A	N/A	N/A
WP Senior - The Burnham at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	288,634	None
Lafayette	(1), (3)	N/A	N/A	(7)	548,000	720,202
Briston Arms	(1), (3)	N/A	N/A	(7)	4,475,000	1,140,712
Newberry	(1), (3)	N/A	N/A	(7)	524,914	None
Billings Forge	(1), (3), (8)	N/A	N/A	(7)	620,000	10,000
Trianon	(3), (5), (9)	N/A	\$5,500,000	N/A	N/A	755,212
Woodlawn Roll Up - The Washington at Woodlawn Park	(1), (3)	N/A	N/A	N/A	1,232,956	895,917
Woodlawn Station	(1), (3), (5)	N/A	5,000,000	(7)	369,000	125,000
Oxford	(1), (3)	N/A	N/A	(7)	685,000	None
Whittier 1A-4	(1), (3)	N/A	N/A	(7)	532,000	None
Whittier 1A-9	(1), (3)	N/A	N/A	(7)	335,000	None
Bedford	(1), (3)	N/A	N/A	(7)	755,140	None
Greenwood	(1), (3)	N/A	N/A	(7)	928,300	None
JBL	(1), (3)	N/A	N/A	(7)	400,000	402,888
Corcoran	(5)	N/A	4,500,000	N/A	N/A	N/A
Abigail Apartments	(1), (3)	N/A	N/A	(7)	247,500	841,240
Abington Race & Pleasant	(1), (3)	N/A	N/A	(7)	286,030	630,410
Burnet Place	(1), (3)	N/A	N/A	(7)	410,000	254,670
Losantiville Buildings	(1), (3)	N/A	N/A	(7)	379,922	202,070
Losantiville Evanston	(1), (3)	N/A	N/A	(7)	379,922	None
Magnolia Heights	(1)	N/A	N/A	(7)	328,584	1,494,396
North Rhine Heights	(1), (3)	N/A	N/A	(7)	264,352	566,046
Villas of the Valley	(1), (3)	N/A	N/A	(7)	109,352	117,863
Villas of the Valley II	(1), (3)	N/A	N/A	(7)	101,632	134,503

# Preservation of Affordable Housing, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements December 31, 2024 and 2023

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2024
WH Mainstrasse	(1), (3)	N/A	N/A	(7)	156,531	125,000
Helton Pointe	(1)	N/A	N/A	(7)	65,000	None
Whittier 2	(1), (3)	N/A	N/A	(7)	686,781	None
Sugar Hill	(4), (5)	(2)	10,247,249	N/A	N/A	N/A
Gardner Terrace	(4), (5)	(2)	5,650,000	N/A	N/A	N/A
South Chicago Salud	(1), (3)	N/A	N/A	(7)	804,220	None
Mattapan 4	(1), (3)	N/A	N/A	(7)	1,028,587	None
Mattapan 9	(1), (3)	N/A	N/A	(7)	189,589	None
Farrell House	(1), (3)	N/A	N/A	(7)	612,000	None
Beachwinds II	(1), (3)	N/A	N/A	(7)	781,500	None
Hawthorne Place II	(1), (3)	N/A	N/A	(7)	3,050,000	None
Levy House	(5)	N/A	9,250,000	N/A	N/A	N/A
Brewster Woods	(1), (3)	N/A	N/A	(7)	212,500	None
Salem Heights II	(1), (3), (4), (5)	(2)	N/A	(7)	2,860,000	None
Bartlett Lot D - The Kenzi	(1), (3), (4), (5)	31,076,561	None	N/A	445,039	None
19 E 110th Place - Emil Jones	(1), (3)	N/A	N/A	(7)	405,040	None
5040 S Indiana - Fred C Matthews	(1), (3)	N/A	N/A	(7)	373,360	None
Terrapin Ridge	(1), (3)	N/A	N/A	(7)	224,121	None
Wing Schoolhouse	(1), (3)	N/A	N/A	December 2037	240,000	None
South Suburban	(1), (3)	N/A	N/A	(7)	1,296,000	None
Elgin Manor I	(1), (3)	N/A	N/A	(7)	1,032,000	None
Barry Farm 1B- The Asberry	(1), (3), (4), (5)	(2)	29,530,768	(7)	786,000	None
Deerfield II	(1), (3)	N/A	N/A	(7)	245,234	None
LeClair	(1), (3), (4), (5)	(2)	12,966,403	N/A	950,000	None
Whittier 3-4	(3), (4), (5)	128,013,792	54,248,094	N/A	N/A	N/A
Whittier 3-9	(3), (4), (5)	37,611,883	18,245,981	N/A	N/A	N/A
Clarendon	(3), (4), (5)	115,874,614	51,730,550	N/A	N/A	N/A
Cutler Manor II - Meridian Point	(1), (3), (4), (5)	52,737,230	26,847,186	(7)	974,631	None
C40- Fifth City Commons	(1), (3), (4), (5)	58,649,983	13,927,406	(7)	231,000	None
Gardner Terrace I	(1), (3), (4), (5)	56,199,599	28,346,855	(7)	785,000	None
Cape View Way	(1), (3), (4), (5)	25,524,036	9,386,271	(7)	389,208	None
Island Terrace 4	(1), (3), (4), (5)	89,596,305	15,770,990	(7)	1,940,000	None
Island Terrace 9	(1), (3), (4), (5)	27,574,684	12,751,720	(7)	600,000	None
Harvey II & III	(1), (3), (4), (5)	45,580,692	7,273,136	(7)	907,650	None
Barry Farm 1A- The Edmonson	(1), (3), (4), (5)	129,668,531	None	(7)	1,104,000	None
Lawrence Hill	(1), (3), (4), (5)	34,583,616	None	(7)	462,234	None
Heart of Uptown	(1), (3), (4), (5)	56,074,746	None	(7)	951,142	None
22 properties	(3)	N/A	N/A	N/A	N/A	50,387

### Types of guarantees

(1) Operating deficits

(2) Construction rehabilitation completion, per agreement there is no limit on the amount of this guarantee

(3) Tax credit recapture price adjusters

(4) Construction completion and/or construction loan guarantee

(5) Loan guarantee

(6) Financing coverage guarantee

### Other

(7) Two to five years from construction completion and/or breakeven.

(8) Annual commercial income guarantee

(9) Basic rent guarantee per Net Lease

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

#### Note 18 - Financial instruments

The Company and its subsidiaries maintain its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes it is not exposed to any significant credit risk on its cash, cash equivalents and other deposits at December 31, 2024 and 2023.

#### Note 19 - Rent subsidies

For most of the properties, tenants' rents are being subsidized by various federal and state programs. Generally, these programs restrict assistance to those residents who qualify by meeting certain established criteria, including maximum income limitations. A majority of the properties have entered into contracts with HUD to provide the federal subsidies. These contracts expire in years 2025 to 2062. Rent subsidies totaled \$144,341,102 and \$131,829,427 for 2024 and 2023, respectively.

#### Note 20 - Net assets with donor restrictions

The Company received the following grants which are included in net assets with donor restrictions at December 31, 2024 and 2023 for either time restrictions or restrictions related to specific program services:

	Balance at December 31, 2024	Balance at December 31, 2023
Home ownership assistance	\$ 644,389	\$ 654,989
Community resource center	-	273,800
Installation of artwork	15,000	15,000
Children savings accounts	67,555	67,555
Family Self Sufficiency	237,407	349,029
Community arts festival	9,945	9,945
Capital Magnet Fund	1,515,000	3,015,000
Rental assistance	4,326	4,326
Trauma-informed care	161,000	161,000
Capital grants	3,302,999	1,090,621
Digital Literacy program	75,000	-
Financial Opportunity Center	9,091	-
	<u>\$ 6,041,712</u>	<u>\$ 5,641,265</u>

# Preservation of Affordable Housing, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements December 31, 2024 and 2023

### Note 21 - Limited partnerships and limited liability companies

As of December 31, 2024, the Company owns a general partner or managing member interest in the following entities:

	Entity	Project Location	No. of Units
1)	Barry Farm Building 1B LLC	Washington, DC	108
2)	Driftwood Preservation Associates Limited Partnership	Narragansett, RI	32
3)	Beachwinds II Preservation Associates Limited Partnership	Narragansett, RI	104
4)	Grace Preservation Associates Limited Partnership	Providence, RI	102
5)	Cherry Briggs Preservation Associates Limited Partnership	Johnston & Providence, RI	160
6)	Oxford Preservation Associates Limited Partnership	Providence, RI	128
7)	POAH DD Sugar Hill LLC	Detroit, MI	73
8)	Gardner Terrace I Preservation Associates Limited Partnership	Attleboro, MA	92
9)	Bartlett Lot D Preservation Associates Limited Partnership	Boston, MA	50
10)	United Front Nine Preservation Associates Limited Partnership	New Bedford, MA	173
11)	Cromwell Court Preservation Associates Limited Partnership	Hyanis, MA	124
12)	Blackstone Preservation Associates Limited Partnership	Boston, MA	145
13)	Franklin Preservation Associates Limited Partnership	Boston, MA	193
14)	Kenmore Abbey Preservation Associates Limited Partnership	Boston, MA	200
15)	Peter's Grove Preservation Associates Limited Partnership	Hudson, MA	96
16)	Rock Harbor Preservation Associates Limited Partnership	Orleans, MA	100
17)	Clay Pond Preservation Associates Limited Partnership	Bourne, MA	45
18)	Kings Landing Preservation Associates Limited Partnership	Brewster, MA	108
19)	Brewster Woods Preservation Associates Limited Partnership	Brewster, MA	30
20)	Central Annex Preservation Associates Limited Partnership	Pittsfield, MA	105
21)	Dennis Community Housing Preservation Associates Limited Partnership	Dennis, MA	27
22)	Briston Arms Preservation Associates Limited Partnership	Cambridge, MA	154
23)	Founders Court Preservation Associates Limited Partnership	Hyannis, MA	33
24)	Brandy Hill Preservation Associates Limited Partnership	E. Wareham, MA	132
25)	Tribune Preservation Associates Limited Partnership	Framingham, MA	53
26)	Canal Bluffs P3 Preservation Associates Limited Partnership	Bourne, MA	44
27)	Whittier 1A-4 Preservation Associates Limited Partnership	Boston, MA	58
28)	Whittier 1A-9 Preservation Associates Limited Partnership	Boston, MA	34
29)	Whittier 2 Preservation Associates Limited Partnership	Boston, MA	52
30)	Mattapan Station 4 LLC	Boston, MA	114
31)	Mattapan Station 9 LLC	Boston, MA	21
32)	Bedford Village Preservation Associates Limited Partnership	Bedford, MA	110
33)	LeClair Village Preservation Associates Limited Partnership	Mashpee, MA	39
34)	Salem Heights II Preservation Associates Limited Partnership	Salem, MA	281
35)	Terrapin Ridge LLC	Sandwich, MA	30
36)	Deerfield Village II Preservation Associates Limited Partnership	Carthage, MO	60
37)	Hawthorne Place II Preservation Associates Limited Partnership	Independence, MO	749
38)	19 E 110th Place Preservation Associates Limited Partnership	Chicago, IL	60
39)	5040 S Indiana Preservation Associates Limited Partnership	Chicago, IL	60
40)	C40 Preservation Associates Limited Partnership	Chicago, IL	43
41)	Community Housing Partners X Limited Partnership	Chicago, IL	59
42)	Community Housing Partners XV Limited Partnership	Chicago, IL	30
43)	Heart of Uptown Apartments LLC	Chicago, IL	103
44)	WCS Preservation Associates Limited Partnership	Chicago, IL	67
45)	Renaissance Preservation Associates Limited Partnership	Chicago, IL	117
46)	WCN Preservation Associates Limited Partnership	Chicago, IL	33
47)	WP Senior Preservation Associates Limited Partnership	Chicago, IL	65
48)	Lafayette Terrace Preservation Associates Limited Partnership	Chicago, IL	95
49)	Newberry Park Preservation Associates Limited Partnership	Chicago, IL	84
50)	Woodlawn Station Preservation Associates Limited Partnership	Chicago, IL	70
51)	Woodlawn Roll-up Preservation Associates Limited Partnership	Chicago, IL	196
52)	Greenwood Park Preservation Associates Limited Partnership	Chicago, IL	123
53)	JBL Preservation Associates Limited Partnership	Chicago, IL	106
54)	Farrell House Preservation Associates I Limited Partnership	Chicago, IL	59
55)	Island Terrace 4% Preservation Associates Limited Partnership	Chicago, IL	180

# Preservation of Affordable Housing, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements December 31, 2024 and 2023

	Entity	Project Location	No. of Units
56)	Island Terrace 9% Preservation Associates Limited Partnership	Chicago, IL	60
57)	Viceroy Hotel Limited Partnership	Chicago, IL	91
58)	Warren Asland Limited Partnership	Chicago, IL	75
59)	South Chicago Salud Center Preservation Associates Limited Partnership	Chicago, IL	101
60)	6040 JPT LLC (not consolidated)	Chicago, IL	318
61)	South Suburban Preservation Associates Limited Partnership	Harvey, IL	120
62)	Harvey II & III LLC	Harvey, IL	120
63)	Wing Schoolhouse Preservation Associates Limited Partnership	Elgin, IL	27
64)	Elgin Manor Preservation Associates I Limited Partnership	Elgin, IL	100
65)	Sugar River Preservation Associates Limited Partnership	Claremont, NH	162
66)	New Horizons Preservation Associates Limited Partnership	Miami, FL	100
67)	POAH Cutler Manor II LLC	Miami, FL	113
68)	Harbor City Towers LLLP	Melbourne, FL	192
69)	Trinity Towers East Preservation Associates LLLP	Melbourne, FL	156
70)	New Trinity Towers South Preservation Associates LLLP	Melbourne, FL	162
71)	Torrington West Preservation Associates Limited Partnership	Torrington, CT	79
72)	Billings Forge LLC		
73)	Billings Forge Preservation Associates Limited Partnership	Hartford, CT	118
74)	Old Middletown Preservation Associates Limited Partnership	Middletown, CT	65
75)	Abigail Apartments Limited Partnership	Cincinnati, OH	73
76)	Abington Race and Pleasant LLC (not consolidated)	Cincinnati, OH	50
77)	Burnet Place Limited Partnership (not consolidated)	Cincinnati, OH	65
78)	Losantville Apartments Limited Partnership	Cincinnati, OH	87
79)	Magnolia Heights Limited Partnership (not consolidated)	Cincinnati, OH	103
80)	North Rhine Heights Limited Partnership (not consolidated)	Cincinnati, OH	66
81)	Villas of the Valley Limited Partnership (not consolidated)	Lincoln Heights, OH	42
82)	Villas of the Valley II Limited Partnership (not consolidated)	Lincoln Heights, OH	35
83)	WH Mainstrasse I, LLLP	Convington, KY	41
84)	SSAH LLC (100% owned by POAH, Inc)	Weymouth, MA	20
85)	Cocheco Park Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Dover, NH	82
86)	Riverview Residences Dover LLC (100% owned by POAH, Inc)	Dover, NH	24
87)	POAH Biltmore Hills LLC (100% owned by POAH, Inc)	Raleigh, NC	50
88)	POAH Southpoint Crossing LLC (100% owned by POAH, Inc)	Florida, FL	123
89)	POAH Aaron Briggs LLC (100% owned by POAH, Inc)		
90)	POAH Fieldstone Apartments LLC (100% owned by POAH, Inc)		
91)	POAH Old Middletown LLC (100% Owned by POAH, Inc)		
92)	POAH Central Annex LLC (100% owned by POAH, Inc)		
93)	POAH Brandy Hill LLC (100% owned by POAH, Inc)		
94)	POAH Ventures LLC (100% owned by POAH, Inc)		
95)	BR Sugar River Limited Partnership (100% owned by POAH, Inc)		
96)	POAH Kings Landing LLC (100% owned by POAH, Inc)		
97)	POAH Cutler Meadows LLC (100% owned by POAH, Inc)	Miami, FL	225
98)	POAH Cutler Manor LLC (100% owned by POAH, Inc)		-
99)	POAH CM Landowner LLC (100% owned by POAH, Inc)	Miami, FL	152
100)	POAH Middletowne Apartments LLC (100% owned by POAH, Inc)	Orange Park, FL	100
101)	POAH Campbell Arms LLC (100% owned by POAH, Inc)	Homestead, FL	201
102)	POAH Austin Renaissance LLC (100% owned by POAH, Inc)	Chicago, IL	71
103)	POAH New Horizons LLC (100% owned by POAH, Inc)		
104)	POAH Trinity Towers East LLC (100% owned by POAH, Inc)		
105)	POAH Trinity Towers West LLC (100% owned by POAH, Inc)		
106)	Trinity Towers South Preservation Associates LLLP (100% owned by POAH, Inc)		
107)	POAH NSP Chicago LLC (100% owned by POAH, Inc)		
108)	POAH Grove Parc Apartments LLC (100% owned by POAH, Inc)		
109)	POAH Holdings LLC (100% owned by POAH, Inc)		
110)	POAH NMTC2 Title Holding Corporation (100% owned by POAH, Inc)	Chicago, IL	25
111)	POAH Support Corporation (100% owned by POAH, Inc)		
112)	POAH Support Corporation 2 (100% owned by POAH, Inc)		
113)	POAH Greenwood Park LLC (100% owned by POAH, Inc)		
114)	POAH JBL LLC (100% owned by POAH, Inc)		
115)	Community Housing Partners VI Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	55

# Preservation of Affordable Housing, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements December 31, 2024 and 2023

	Entity	Project Location	No. of Units
116)	Community Housing Partners XI Limited Partnership (100% owned by POAH, Inc)		
117)	Community Housing Partners XII Limited Partnership (100% owned by POAH, Inc)		
118)	Corcoran Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Chicago, IL	94
119)	POAH Roseland East 110th Place Hold Limited Partnership (100% owned by POAH, Inc)		
120)	POAH Washington Park Indiana Avenue Hold Limited Partnership (100% owned by POAH, Inc)		
121)	POAH Levy House LLC (100% owned by POAH, Inc)	Chicago, IL	57
122)	POAH Island Terrace LLC (100% owned by POAH, Inc)		
123)	Elgin Manor Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
124)	Elgin Schoolhouse Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
125)	POAH South Chicago Y Hold LLC (100% owned by POAH, Inc)		
126)	POAH South Suburban Y Hold LLC (100% owned by POAH, Inc)		
127)	POAH Harvey East 151st Street Hold Limited Partnership (100% owned by POAH, Inc)		
128)	POAH Harvey West 151st Street Hold Limited Partnership (100% owned by POAH, Inc)		
129)	Farrell House Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
130)	Crestview Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Kankakee, IL	132
131)	POAH Gardner Terrace LLC (100% owned by POAH, Inc)	Attleboro, MA	52
132)	POAH Hebronville Mill LLC (100% owned by POAH, Inc)	Attleboro, MA	83
133)	CB Rental Limited Partnership (100% owned by POAH, Inc)	Bourne, MA	28
134)	Northside Village LLC (100% owned by POAH, Inc)	Dennis, MA	46
135)	Westport Senior Village Limited Partnership (100% owned by POAH, Inc)	Westport, MA	48
136)	POAH Master Tenant (100% owned by POAH, INC)		
137)	Mattapan Station Preservation Associates LLC (100% owned by POAH, INC)		
138)	Bridle Path Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Randolph, MA	104
139)	Chestnut Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Lynn, MA	66
140)	Olympia Square LLC (100% owned by POAH, Inc)	Lynn, MA	44
141)	Oxford Lot LLC (100% owned by POAH, Inc)	Lynn, MA	
142)	Dom Narodowy Polski Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Chicopee, MA	51
143)	Eastgate Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MA	148
144)	Meadowbrook Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Northampton, MA	252
145)	Salem Heights Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
146)	Fairweather Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Beverly, Danvers, Peabody and Salem, MA	324
147)	Washington Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Hagerstown, MD	100
148)	Jefferson Maison East Limited Dividend Housing Association LLC (100% owned by POAH, Inc)	Detroit, MI	281
149)	Oakland Grand Haven Limited Dividend Housing Association LLC (100% owned by POAH, Inc)	Troy, MI	298
150)	Woodlen Place Associates Limited Partnership (100% owned by POAH, Inc)	Kansas City, MO	60
151)	Colony Plaza Associates Limited Partnership (100% owned by POAH, Inc)	Excelsior Springs, MO	111
152)	Country Club Village Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	70
153)	Glenwood Manor Associates Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	119
154)	Highland Meadows Associates Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	44
155)	Deerfield Village Associates Limited Partnership (100% owned by POAH, Inc)		
156)	Hawthorne Associates Limited Partnership (100% owned by POAH, Inc)		
157)	Country Club Village II Associates - I Limited Partnership (100% owned by POAH, Inc)	Springfield, MO	28
158)	Highland Acres Associates - I Limited Partnership (100% owned by POAH, Inc)	Carthage, MO	35
159)	Houston Plaza Associates - I Limited Partnership (100% owned by POAH, Inc)	Adrian, MO	34
160)	Maplewood Manor Associates - I Limited Partnership (100% owned by POAH, Inc)	Web City, MO	60
161)	Monroe Estates Associates - I Limited Partnership (100% owned by POAH, Inc)	Lebanon, MO	74
162)	Prairie Plains Associates - I Limited Partnership (100% owned by POAH, Inc)	Lamar, MO	50
163)	Crestview Village Associates - I Limited Partnership (100% owned by POAH, Inc)	Liberty, MO	48
164)	Terri Manor Associates LTD (100% owned by POAH, Inc)	Cincinnati, OH	81
165)	Community Manor Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	22
166)	Baymiller Manor Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	31
167)	Fairview Estates Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	28
168)	Kerper Development Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	42
169)	Navarre Garrone Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	63
170)	Pendleton Estates Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	42
171)	Wesley Estates Limited Partnership (100% owned by POAH, Inc)	Cincinnati, OH	30
172)	POAH Washington Park LLC (100% owned by POAH, Inc)	Cincinnati, OH	37
173)	Clinton Peabody Phase I LLC (100% owned by POAH, INC)	St. Louis, MO	
174)	Blacklick Apartments LLC (100% owned by POAH, Inc)	Blacklick, OH	176
175)	Garfield Hills Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Washington, DC	94
176)	Fieldstone Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Narragansett, RI	24

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

	Entity	Project Location	No. of Units
177)	Heritage Preservation Associates Limited Partnership (100% owned by POAH, Inc)	North Kingstown, RI	204
178)	Hillside Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Providence, RI	42
179)	Pocasset Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Providence, RI	82
180)	Hillcrest Preservation Associates Limited Partnership (100% owned by POAH, Inc)	Providence, RI	130
181)	Barry Farm Redevelopment Associates Limited Partnership (100% owned by POAH, Inc)		
182)	Beachwood Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
183)	Southwinds Preservation Associates Limited Partnership (100% owned by POAH, Inc)		
184)	POAH Landowner LLC (100% owned by POAH, Inc)		
185)	POAH TIF LLC (100% owned by POAH, Inc)		
			13,627

The majority of these properties qualify for the low-income tax credit in accordance with Section 42 of the Internal Revenue Code. Provisions of Section 42 regulate the use of the Project as to occupancy eligibility and unit gross rent, among other requirements, for 15 years. Most of the properties are subject to these provisions for additional terms in accordance with agreements entered into with the state tax credit agencies. The properties are also controlled by regulatory agreements with lenders and other funding and subsidy sources.

The limited partners or investor members generally own between 99 to 99.99% interest in the properties. Capital contributions are due from these partners or members in installments upon each property's satisfaction of specified conditions, as defined, and are subject to adjustment based on the actual low-income tax credits delivered. These contributions are recorded by the entities when received.

#### Note 22 - Deferred gain

The Company has purchased various properties and then sold those properties to limited partnerships in which an affiliate of the Company serves as general partner. This related party sale results in a deferred gain.

As part of the purchase of certain of these properties, the Company acquired reserve funds. The Company then used those reserve funds to either fund general partner capital contributions or provide loans to related limited partnerships.

The following is a summary of the deferred gains and related notes receivable:

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable
Pocasset Manor Apartments	\$ 4,589,201	\$ 2,340,000	\$ 1,067,857	\$ 1,181,344 (1)
Hillcrest Village Apartments	300,000	300,000	-	-
Bridle Path Apartments	2,613,236	844,160	-	1,769,076 (2)
Chestnut Garden Apartments	1,727,285	1,727,285	-	-
Dom Narodowy Polski Apartments	965,490	912,273	-	53,217 (2)
Eastgate Apartments	6,242,014	3,196,804	-	3,045,210 (2)
Heritage Village II Apartments	4,668,132	1,639,308	-	3,028,824 (3)
New Horizons	200,000	200,000	-	-
Cromwell Court	872,000	872,000	-	-
Blackstone	16,658,507	12,485,719	-	4,172,788 (4)
Franklin	16,676,301	16,676,301	-	-
Kenmore Abbey	17,722,502	12,182,798	-	5,539,704 (5)
Peter's Grove	626,994	626,994	-	-
Rock Harbor	355,416	355,416	-	-
King's Landing	3,345,829	3,345,829	-	-



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2024 and 2023**

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable
Grace	157,646	-	-	157,646
Cherry Hill	444,276	-	-	444,276 (6)
Aaron Briggs	114,098	-	-	114,098 (6)
Tribune	175,800	-	-	175,800
Brandy Hill	1,356,610	-	-	1,356,610
South Chicago	1,415,213	-	-	1,415,213
Hawthorne	2,902,256	-	-	-
Beachwood	939,807	-	-	939,807 (7)
Oxford	403,051	-	-	403,051
Elgin Schoolhouse	75,000	-	-	75,000
Greenwood	788,322	-	-	788,322
Farrell House	788,354	-	-	788,354
Elgin Manor	450,000	-	-	450,000
Salem Heights	640,698	-	-	640,698
South Suburban	794,484	-	-	794,484
Elgin Manor	469,299	-	-	469,299
Wing Schoolhouse	132,705	-	-	132,705
Emil Jones	1,100,715	-	-	1,100,715
Fred Matthews	1,425,327	-	-	1,425,327
C40	656,990	-	-	656,990
	92,793,558	57,704,887	1,067,857	31,118,558
Gain recognized from receipt of principal payments in prior years	(18,418,970)	(13,244,733)	-	(5,174,237)
Deferred gain at December 31, 2023	74,374,588	44,460,154	1,067,857	25,944,321
Hawthorne	-	-	-	2,610,848
Deerfield II	94,357	-	-	94,357
Gardner Terrace I	323,353	-	-	323,353
Gain recognized from receipt of principal payment in 2024	(7,940,935)	(5,870,175)	-	(2,070,760)
Deferred gain at December 31, 2024	<u>\$ 66,851,363</u>	<u>\$ 38,589,979</u>	<u>\$ 1,067,857</u>	<u>\$ 26,902,119</u>

- (1) Funds loaned to Pocasset, Hillside and Hillcrest
- (2) Funds loaned to Fairweather, Chestnut Gardens and Dom Narodowy
- (3) Funds loaned to Heritage and Fieldstone
- (4) Funds loaned to Franklin and Rock Harbor
- (5) Funds loaned to Franklin and Peter's Grove
- (6) Funds loaned to Cherry Briggs
- (7) Funds loaned to Beachwinds II

**Note 23 - Deferred grant revenue**

The Company has received Capital Magnet Fund ("CMF") grant awards from the Community Development Financial Institutions Fund. The grant funds are to be used to acquire and fund eligible projects over a five-year period with program compliance restrictions per the grant agreement. If all program compliance restrictions are met the funds become unrestricted at the end of the grant period. The grants are recorded as deferred income until all conditions of the grant have been satisfied. At December 31, 2024 and 2023, deferred grant revenue is \$40,134,935 and \$36,000,000, respectively, and are included in deferred income on the consolidated statement of financial position.

## Preservation of Affordable Housing, Inc. and Subsidiaries

### Notes to the Consolidated Financial Statements December 31, 2024 and 2023

In 2023, the Company received a COVID-19 Affordable Housing Grant from Illinois Housing Development Authority. The grant funds are providing gap financing for eligible, qualified development costs for Island Terrace 4% Preservation Associates LP. The grant is recorded as deferred income until all conditions of the grant have been satisfied. At December 31, 2024 and 2023, deferred grant revenue is \$11,175,000 and \$7,677,148, respectively, and is included in deferred income on the consolidated statement of financial position.

In 2024, the Company received a grant from JP Morgan Chase Foundation to develop and scale programs supporting low-to-moderate income residents of its affordable housing properties, with the goal of promoting financial stability and wealth building. At December 31, 2024, deferred grant revenue is \$470,000 and is included in deferred income on the consolidated statement of financial position.

#### Note 24 - Consolidated statement of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position as of December 31, 2024 and 2023 that sum to the total of the same amounts in the consolidated statement of cash flows:

	2024	2023
Cash and cash equivalents	\$ 79,063,928	\$ 72,950,183
Restricted cash	16,659,594	20,327,471
Reserves	5,175,259	4,937,434
Restricted reserves	2,699,564	4,377,624
Tenant security deposits	5,339,779	4,950,357
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	<u>\$ 108,938,124</u>	<u>\$ 107,543,069</u>

The amount included in restricted cash consists of security deposits and family self-sufficiency escrows held in trust for the future benefit of tenants, grant funds received but not yet expended, and Company reserves for operations and capital investments.

#### Note 25 - GP Acquisitions

In July 2024, the Company completed the acquisition of a group of entities representing 212 rental units together. As a result of the acquisition, the Company obtained a controlling interest in three properties, and expanded the Company's property activities in Illinois and Massachusetts. The acquisition qualifies as an acquisition of assets. The following table summarizes the acquisition cost and the cost of assets acquired and liabilities assumed recognized at the acquisition date.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Notes to the Consolidated Financial Statements  
December 31, 2024 and 2023**

	Harvest Commons	Warren Ashland	Westport	Total
Acquisition payments	\$ 23,256	\$ 83,058	\$ 33,836	\$ 140,150
Assumed liabilities	5,498,112	4,717,114	1,998,414	12,213,640
Total cost of assets acquired	<u>\$ 5,521,368</u>	<u>\$ 4,800,172</u>	<u>\$ 2,032,250</u>	<u>\$ 12,353,790</u>
Financial assets	\$ 1,610,149	\$ 943,294	\$ 325,466	\$ 2,878,909
Property and fixed assets	4,148,255	4,383,058	1,758,836	10,290,149
Financial liabilities	(237,036)	(526,180)	(52,052)	(815,268)
	<u>\$ 5,521,368</u>	<u>\$ 4,800,172</u>	<u>\$ 2,032,250</u>	<u>\$ 12,353,790</u>
Units	89	75	48	212

**Note 26 - Subsequent events**

Events that occur after the consolidated statement of financial position date but before the consolidated 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 consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes to the consolidated financial statements. Management evaluated the activity of the Company through June 29, 2025 (the date the consolidated financial statements were available to be issued) and concluded that except for the event disclosed below, no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

In June 2025, POAH LLC extended the maturity date of its agreement with Calvert Impact Capital, Inc. to June 27, 2029 (see Note 6).

## **Supplementary Information**

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Financial Position  
December 31, 2024

	<u>Assets</u>					
	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Current assets						
Cash and cash equivalents	\$ 26,729,449	\$ 18,657,061	\$ 33,677,418	\$ 79,063,928	\$ -	\$ 79,063,928
Restricted cash	16,659,594	-	-	16,659,594	-	16,659,594
Reserves	5,175,259	-	-	5,175,259	-	5,175,259
Restricted reserves	1,444,864	427,785	826,915	2,699,564	-	2,699,564
Short-term investments	5,790,959	-	-	5,790,959	-	5,790,959
Accounts receivable						
Rental - tenants and subsidy	-	2,002,371	3,304,292	5,306,663	-	5,306,663
Grants receivable	231,936	-	-	231,936	-	231,936
Properties, net of allowance for credit losses	7,262,177	-	-	7,262,177	(6,899,661)	362,516
Development fees	20,353,544	-	-	20,353,544	(20,353,544)	-
Other	319,962	1,159,042	1,139,956	2,618,960	(325,153)	2,293,807
Restricted property reserves	-	12,536,764	48,415,677	60,952,441	-	60,952,441
Due from affiliates	2,860,771	2,383,741	243,386	5,487,898	(5,139,287)	348,611
Prepaid expenses	1,088,917	897,934	1,438,853	3,425,704	-	3,425,704
Note receivable, current	5,228,877	-	-	5,228,877	(5,228,877)	-
Interest on notes receivable, net of allowance	3,595,255	225,867	-	3,821,122	(3,821,122)	-
Predevelopment costs reimbursable, current	16,444,920	11,761,214	-	28,206,134	(7,777,767)	20,428,367
Total current assets	113,186,484	50,051,779	89,046,497	252,284,760	(49,545,411)	202,739,349
Other assets						
Tenant security deposits	20,418	2,217,043	3,102,318	5,339,779	-	5,339,779
Restricted property reserves, net of current	-	23,891,919	199,901,401	223,793,320	-	223,793,320
Notes receivable, net of discount, allowance, and current	225,476,365	41,116,601	-	266,592,966	(246,527,216)	20,065,750
Investment in partnerships	26,676,502	(102,745)	1,063,227	27,636,984	(25,158,071)	2,478,913
Predevelopment costs reimbursable, net of current	8,531,036	-	-	8,531,036	-	8,531,036
Other assets	421,734	493,150	6,348,677	7,263,561	-	7,263,561
Total other assets	261,126,055	67,615,968	210,415,623	539,157,646	(271,685,287)	267,472,359
Fixed assets						
Land and buildings	938,747	481,517,788	1,687,068,796	2,169,525,331	(352,318,353)	1,817,206,978
Rehabilitation in progress	-	11,613,524	352,361,443	363,974,967	-	363,974,967
Furniture, equipment and leasehold improvements	1,163,783	7,739,358	34,723,330	43,626,471	-	43,626,471
Right-of-use assets	6,955,918	7,900,372	28,080,349	42,936,639	(16,901,622)	26,035,017
Less: Accumulated depreciation	(1,016,264)	(172,203,590)	(332,720,492)	(505,940,346)	84,604,405	(421,335,941)
Total fixed assets	8,042,184	336,567,452	1,769,513,426	2,114,123,062	(284,615,570)	1,829,507,492
Total assets	\$ 382,354,723	\$ 454,235,199	\$ 2,068,975,546	\$ 2,905,565,468	\$ (605,846,268)	\$ 2,299,719,200

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position  
December 31, 2024**

Liabilities and Net Assets

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 1,800,609	\$ 7,602,427	\$ 9,753,339	\$ 19,156,375	\$ (7,628,378)	\$ 11,527,997
Accrued expenses	4,549,878	6,235,227	8,158,907	18,944,012	(3,900)	18,940,112
Accounts payable - development	1,073,300	8,118,574	151,332,020	160,523,894	(97,469,000)	63,054,894
Accrued interest	526,457	1,352,458	3,273,741	5,152,656	(225,867)	4,926,789
Mortgages payable - properties, current	-	30,698,695	7,783,540	38,482,235	-	38,482,235
Construction loans - properties, current	-	-	46,101,072	46,101,072	-	46,101,072
Loan payable, current	2,021,829	-	-	2,021,829	-	2,021,829
Line of credit, current	3,400,000	-	-	3,400,000	-	3,400,000
Tenant security deposits	20,307	1,973,661	2,940,960	4,934,928	-	4,934,928
Prepaid revenue	-	1,137,312	1,387,853	2,525,165	-	2,525,165
Deferred liabilities, current	9,212	-	-	9,212	-	9,212
Due to affiliates	541,064	9,655,565	3,489,560	13,686,189	(13,505,555)	180,634
Total current liabilities	13,942,656	66,773,919	234,220,992	314,937,567	(118,832,700)	196,104,867
Long-term liabilities						
Loans and notes payable, net of current	10,865,820	-	-	10,865,820	-	10,865,820
Line of credit, net of current	1,321,935	-	-	1,321,935	-	1,321,935
Accrued interest payable - notes payable	911,733	-	-	911,733	-	911,733
Bonds payable	74,225,133	-	-	74,225,133	-	74,225,133
Notes payable and accrued interest - properties	-	208,126,900	542,116,298	750,243,198	(284,262,892)	465,980,306
Mortgages payable - properties, net of current	-	216,587,945	611,042,724	827,630,669	(11,730,000)	815,900,669
Construction loans- properties, net of current	-	-	251,889,119	251,889,119	-	251,889,119
Interest rate swap	-	100,370	-	100,370	-	100,370
Other long-term liabilities	7,750,621	12,580,259	17,232,879	37,563,759	(26,572,369)	10,991,390
Deferred income	119,417,205	59,000,048	8,459,350	186,876,603	(124,546,999)	62,329,604
Total long-term liabilities	214,492,447	496,395,522	1,430,740,370	2,141,628,339	(447,112,260)	1,694,516,079
Total liabilities	228,435,103	563,169,441	1,664,961,362	2,456,565,906	(565,944,960)	1,890,620,946
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Net assets without donor restrictions controlling	148,815,135	(108,934,242)	11,191,922	51,072,815	(26,852,450)	24,220,365
Net assets without donor restrictions noncontrolling	(937,227)	-	392,822,262	391,885,035	(13,048,858)	378,836,177
Total net assets without donor restrictions	147,877,908	(108,934,242)	404,014,184	442,957,850	(39,901,308)	403,056,542
Net assets with donor restrictions	6,041,712	-	-	6,041,712	-	6,041,712
Total net assets	153,919,620	(108,934,242)	404,014,184	448,999,562	(39,901,308)	409,098,254
Total liabilities and net assets	\$ 382,354,723	\$ 454,235,199	\$ 2,068,975,546	\$ 2,905,565,468	\$ (605,846,268)	\$ 2,299,719,200

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Activities  
Year ended December 31, 2024

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 280,769	\$ 72,355,501	\$ 138,923,879	\$ 211,560,149	\$ (1,013,650)	\$ 210,546,499
Grant income	300,907	546,616	923,667	1,771,190	-	1,771,190
Grant income, capital investments	6,135,670	-	-	6,135,670	-	6,135,670
Contribution income	55,214	500	-	55,714	-	55,714
Developer fee revenue	19,059,830	-	-	19,059,830	(16,645,291)	2,414,539
Cash flow from properties	2,546,724	-	-	2,546,724	(2,546,724)	-
State tax credit proceeds	7,300,000	4,875,000	-	12,175,000	-	12,175,000
Property management and related fees	12,463,712	-	-	12,463,712	(12,031,155)	432,557
Reimbursable salaries and expenses	36,885,873	-	-	36,885,873	(34,938,817)	1,947,056
Gain on receipt of mortgage note	7,940,935	-	-	7,940,935	(7,940,935)	-
Gain on debt forgiveness	-	574,311	-	574,311	-	574,311
Proceeds from property refinancing	1,708,603	-	-	1,708,603	(1,708,603)	-
Interest income	5,561,783	1,267,398	5,773,019	12,602,200	(4,453,791)	8,148,409
Loss on investment in partnership	-	-	(120,183)	(120,183)	-	(120,183)
Investment (loss) income	(855,415)	(1,970,516)	-	(2,825,931)	2,675,201	(150,730)
Other income	510,143	194,311	3,334,528	4,038,982	(291,600)	3,747,382
	99,894,748	77,843,121	148,834,910	326,572,779	(78,895,365)	247,677,414
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	99,894,748	77,843,121	148,834,910	326,572,779	(78,895,365)	247,677,414
Expenses						
Personnel	25,456,522	-	-	25,456,522	-	25,456,522
Development expense	7,375,508	-	-	7,375,508	(2,944,491)	4,431,017
Professional services	1,129,846	-	-	1,129,846	-	1,129,846
Contributions and grants made	700,766	-	-	700,766	-	700,766
Rental and utilities	1,581,945	-	-	1,581,945	-	1,581,945
Taxes and insurance	735,602	-	-	735,602	-	735,602
Travel and lodging	1,043,145	-	-	1,043,145	-	1,043,145
Interest expense	4,321,229	-	-	4,321,229	-	4,321,229
Reimbursable salaries and expenses	36,885,873	-	-	36,885,873	(34,938,817)	1,947,056
Property operations	209,687	60,441,009	96,246,142	156,896,838	(14,133,414)	142,763,424
Property mortgage interest	35,095	15,969,188	39,207,171	55,211,454	(4,453,791)	50,757,663
Office and administration	2,011,051	-	-	2,011,051	-	2,011,051
Depreciation and amortization	159,206	12,417,921	44,786,660	57,363,787	(10,260,559)	47,103,228
Community impact	3,896,602	-	-	3,896,602	-	3,896,602
Bad debt expense	849,869	-	-	849,869	(706,868)	143,001
Miscellaneous	121,160	-	-	121,160	-	121,160
Total expenses	86,513,106	88,828,118	180,239,973	355,581,197	(67,437,940)	288,143,257
Excess of revenue over expenses (expenses over revenue)	13,381,642	(10,984,997)	(31,405,063)	(29,008,418)	(11,457,425)	(40,465,843)
Excess of expenses over revenue attributable to noncontrolling	(45,483)	-	(31,401,922)	(31,447,405)	-	(31,447,405)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	\$ 13,427,125	\$ (10,984,997)	\$ (3,141)	\$ 2,438,987	\$ (11,457,425)	\$ (9,018,438)

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Changes in Net Assets  
Year ended December 31, 2024**

	Net assets without donor restrictions										Net assets with donor restrictions	Net assets
	Controlling					Noncontrolling					Controlling	Total
	Core Operating Companies	Wholly Owned	LP	Eliminations	Subtotal	Core Operating Companies	LP	Eliminations	Subtotal	Total		
Beginning balance, January 1, 2024	\$ 135,108,375	\$ (87,919,212)	\$ (6,467,133)	\$ (10,000,858)	\$ 30,721,172	\$ (678,248)	\$ 365,040,369	\$ (13,048,858)	\$ 351,313,263	\$ 382,034,435	\$ 5,641,265	\$ 387,675,700
Acquisition of ownership interest	-	33,836	105,314	-	139,150	-	-	-	-	139,150	-	139,150
Transfer of limited partnership interest to noncontrolling	-	2,778,928	-	-	2,778,928	-	(2,778,928)	-	(2,778,928)	-	-	-
Capital contributions from noncontrolling interests	-	-	-	-	-	-	62,391,502	-	62,391,502	62,391,502	-	62,391,502
Capital contributions from the Company	-	897,000	619,473	(1,516,473)	-	-	-	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	-	(213,496)	(253,759)	-	(467,255)	(467,255)	-	(467,255)
Distributions to the Company	-	(1,902,233)	(279,245)	2,181,478	-	-	-	-	-	-	-	-
Noncontrolling interests' syndication costs	-	-	-	-	-	-	(175,000)	-	(175,000)	(175,000)	-	(175,000)
Other changes in equity	680,082	(11,837,564)	17,216,654	(6,059,172)	-	-	-	-	-	-	-	-
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	-	-	(45,483)	(31,401,922)	-	(31,447,405)	(31,447,405)	-	(31,447,405)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	13,026,678	(10,984,997)	(3,141)	(11,457,425)	(9,418,885)	-	-	-	-	(9,418,885)	400,447	(9,018,438)
Ending balance, December 31, 2024	<u>\$ 148,815,135</u>	<u>\$ (108,934,242)</u>	<u>\$ 11,191,922</u>	<u>\$ (26,852,450)</u>	<u>\$ 24,220,365</u>	<u>\$ (937,227)</u>	<u>\$ 392,822,262</u>	<u>\$ (13,048,858)</u>	<u>\$ 378,836,177</u>	<u>\$ 403,056,542</u>	<u>\$ 6,041,712</u>	<u>\$ 409,098,254</u>

See Independent Auditor's Report.



**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows  
Year ended December 31, 2024**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Cash flows from operating activities						
Excess of revenue over expenses (expenses over revenue)	\$ 13,381,642	\$ (10,984,997)	\$ (31,405,063)	\$ (29,008,418)	\$ (11,457,425)	\$ (40,465,843)
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by (used in) operating activities						
Loss on investment in partnership	-	-	120,183	120,183	-	120,183
Investment loss	855,415	-	-	855,415	-	855,415
Depreciation and amortization	159,206	12,417,921	44,786,660	57,363,787	(10,260,559)	47,103,228
Amortization of debt issuance costs	133,978	596,369	684,046	1,414,393	-	1,414,393
Change in fair market value of interest rate swaps	-	-	(497,865)	(497,865)	-	(497,865)
Gain (loss) on sale of properties	-	(1,431,564)	-	(1,431,564)	-	(1,431,564)
Forgiveness of debt	-	(574,311)	-	(574,311)	-	(574,311)
Bad debt expense	849,869	-	-	849,869	-	849,869
Changes in						
Accounts receivable	(5,533,972)	65,270	(78,786)	(5,547,488)	4,743,475	(804,013)
Predevelopment costs reimbursable	(5,247,090)	(347,618)	-	(5,594,708)	(121,601)	(5,716,309)
Prepaid expenses and other assets	(288,500)	244,623	(179,285)	(223,162)	-	(223,162)
Accounts payable and accrued expenses	1,537,839	1,672,447	3,839,171	7,049,457	97,631	7,147,088
Prepaid and deferred revenues	7,817,889	18,958,320	770,934	27,547,143	(10,769,198)	16,777,945
Tenant security deposits	(7,637)	(28,671)	339,952	303,644	-	303,644
Due to affiliates, net	494,615	1,093,320	(1,471,916)	116,019	(83,013)	33,006
Net cash provided by (used in) operating activities	14,153,254	21,681,109	16,908,031	52,742,394	(27,850,690)	24,891,704
Cash flows from investing activities						
Escrow deposits and restricted reserves, net	-	1,019,059	(125,724,665)	(124,705,606)	-	(124,705,606)
Proceeds from sale of short term investments	7,413,770	-	-	7,413,770	-	7,413,770
Advances on notes receivable and accrued interest	(40,202,920)	(5,025,578)	-	(45,228,498)	45,168,208	(60,290)
Repayments of notes receivable and accrued interest	24,252,843	-	-	24,252,843	(24,252,843)	-
Purchase of limited partner interest	(501,497)	-	-	(501,497)	501,497	-
Acquisition of assets	(40,000)	-	-	(40,000)	-	(40,000)
Contributions to partnerships	(1,529,893)	-	-	(1,529,893)	1,529,893	-
Distributions from partnerships	1,464,672	-	-	1,464,672	(1,464,672)	-
Cash paid for fixed assets	-	3,288,133	(302,691,432)	(299,403,299)	29,255,268	(270,148,031)
Net cash (used in) provided by investing activities	(9,143,025)	(718,386)	(428,416,097)	(438,277,508)	50,737,351	(387,540,157)
Cash flows from financing activities						
Proceeds from line of credit	3,000,000	-	-	3,000,000	-	3,000,000
Payments on line of credit	(1,124,329)	-	-	(1,124,329)	-	(1,124,329)
Proceeds from notes and mortgages payable	-	16,321,412	410,510,537	426,831,949	-	426,831,949
Payment on notes and mortgages payable	(1,750,000)	(31,960,775)	(55,546,630)	(89,257,405)	(33,172,777)	(122,430,182)
Deferred income	(8,920,959)	-	-	(8,920,959)	8,920,959	-
Debt issuance costs paid	-	(121,986)	(3,095,745)	(3,217,731)	-	(3,217,731)
Syndication and tax credit costs paid	-	-	(940,446)	(940,446)	-	(940,446)
Acquisition costs and fees paid as a component of general partner equity	-	-	(700,152)	(700,152)	700,152	-
Distributions paid to partners	-	(1,902,233)	(533,004)	(2,435,237)	2,181,478	(253,759)
Distributions to members	(213,496)	-	-	(213,496)	-	(213,496)
Partners capital contributions received	-	897,000	63,010,975	63,907,975	(1,516,473)	62,391,502
Net cash (used in) provided by financing activities	(9,008,784)	(16,766,582)	412,705,535	386,930,169	(22,886,661)	364,043,508

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows  
Year ended December 31, 2024**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Net (decrease) increase in cash, cash equivalents, and restricted cash	\$ (3,998,555)	\$ 4,196,141	\$ 1,197,469	\$ 1,395,055	\$ -	\$ 1,395,055
Cash, cash equivalents, and restricted cash, beginning of year	54,028,139	17,105,748	36,409,182	107,543,069	-	107,543,069
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 50,029,584</u>	<u>\$ 21,301,889</u>	<u>\$ 37,606,651</u>	<u>\$ 108,938,124</u>	<u>\$ -</u>	<u>\$ 108,938,124</u>
Supplemental disclosure of cash flow activities						
Cash paid for interest, including interest capitalized of \$10,363,177	<u>\$ 670,956</u>	<u>\$ 10,006,424</u>	<u>\$ 39,680,579</u>	<u>\$ 50,357,959</u>	<u>\$ -</u>	<u>\$ 50,357,959</u>
Schedule of noncash investing activities						
Fixed asset costs incurred	\$ -	\$ 39,815,261	\$ 345,585,087	\$ 385,400,348	\$ (55,860,749)	\$ 329,539,599
Fixed assets transferred in connection with common control transaction	-	(40,283,131)	-	(40,283,131)	-	(40,283,131)
Accounts payable - development, beginning of year	-	5,298,311	108,438,365	113,736,676	(70,863,519)	42,873,157
Accounts payable - development, end of year	-	(8,118,574)	(151,332,020)	(159,450,594)	97,469,000	(61,981,594)
Cash paid for fixed assets	<u>\$ -</u>	<u>\$ (3,288,133)</u>	<u>\$ 302,691,432</u>	<u>\$ 299,403,299</u>	<u>\$ (29,255,268)</u>	<u>\$ 270,148,031</u>
Transfer of fixed assets	<u>\$ -</u>	<u>\$ 2,778,928</u>	<u>\$ (2,778,928)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred liability included in residual receipts escrow	<u>\$ -</u>	<u>\$ 5,028</u>	<u>\$ 5,645</u>	<u>\$ 10,673</u>	<u>\$ -</u>	<u>\$ 10,673</u>
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 346,092</u>	<u>\$ -</u>	<u>\$ (346,092)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additions to leased assets obtained from new lease liabilities	<u>\$ -</u>	<u>\$ 127,452</u>	<u>\$ 763,284</u>	<u>\$ 890,736</u>	<u>\$ (364,376)</u>	<u>\$ 526,360</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position - Core Operating Companies  
December 31, 2024**

Assets

	POAH INC	POAH LLC	Subtotal	Elimination	Total
Current assets					
Cash and cash equivalents	\$ 11,932,752	\$ 14,796,697	\$ 26,729,449	\$ -	\$ 26,729,449
Restricted cash	16,659,594	-	16,659,594	-	16,659,594
Reserves	5,175,259	-	5,175,259	-	5,175,259
Restricted reserves	1,444,864	-	1,444,864	-	1,444,864
Short-term investments	5,790,959	-	5,790,959	-	5,790,959
Accounts receivable					
Grants receivable	231,936	-	231,936	-	231,936
Properties, net of allowance for credit losses	321,240	6,940,937	7,262,177	-	7,262,177
Development fees	-	20,353,544	20,353,544	-	20,353,544
Other	205,632	114,330	319,962	-	319,962
Due from affiliates	5,469,318	5,201,270	10,670,588	(7,809,817)	2,860,771
Prepaid expenses	248,725	840,192	1,088,917	-	1,088,917
Note receivable, current	5,228,877	-	5,228,877	-	5,228,877
Interest on notes receivable, net of allowance	700,787	2,894,468	3,595,255	-	3,595,255
Predevelopment costs reimbursable, current	9,710,959	6,733,961	16,444,920	-	16,444,920
Total current assets	63,120,902	57,875,399	120,996,301	(7,809,817)	113,186,484
Other assets					
Tenant security deposits	-	20,418	20,418	-	20,418
Notes receivable, net of discount, allowance, and current	119,742,158	105,734,207	225,476,365	-	225,476,365
Investment in companies	77,558,129	-	77,558,129	(77,558,129)	-
Investment in partnerships	24,819,716	1,856,786	26,676,502	-	26,676,502
Predevelopment costs reimbursable, net of current	8,531,036	-	8,531,036	-	8,531,036
Other assets	339,879	81,855	421,734	-	421,734
Total other assets	230,990,918	107,693,266	338,684,184	(77,558,129)	261,126,055
Fixed assets					
Land and buildings	-	938,747	938,747	-	938,747
Furniture, equipment and leasehold improvements	813,101	350,682	1,163,783	-	1,163,783
Right-of-use assets	5,322,678	1,633,240	6,955,918	-	6,955,918
Less: Accumulated depreciation	(332,452)	(683,812)	(1,016,264)	-	(1,016,264)
Total fixed assets	5,803,327	2,238,857	8,042,184	-	8,042,184
Total assets	<u>\$ 299,915,147</u>	<u>\$ 167,807,522</u>	<u>\$ 467,722,669</u>	<u>\$ (85,367,946)</u>	<u>\$ 382,354,723</u>

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Financial Position - Core Operating Companies  
December 31, 2024**

Liabilities and Net assets

	POAH INC	POAH LLC	Subtotal	Elimination	Total
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 869,533	\$ 931,076	\$ 1,800,609	\$ -	\$ 1,800,609
Accrued expenses	1,330,681	3,219,197	4,549,878	-	4,549,878
Accounts payable - development	-	1,073,300	1,073,300	-	1,073,300
Accrued interest	444,740	81,717	526,457	-	526,457
Loan payable, current	514,015	1,507,814	2,021,829	-	2,021,829
Line of credit, current	-	3,400,000	3,400,000	-	3,400,000
Tenant security deposit	-	20,307	20,307	-	20,307
Deferred liabilities, current	9,212	-	9,212	-	9,212
Due to affiliates	2,931,466	5,419,415	8,350,881	(7,809,817)	541,064
Total current liabilities	6,099,647	15,652,826	21,752,473	(7,809,817)	13,942,656
Long-term liabilities					
Loans and notes payable, net of current	3,483,219	7,382,601	10,865,820	-	10,865,820
Line of credit, net of current	-	1,321,935	1,321,935	-	1,321,935
Accrued interest payable - notes payable	-	911,733	911,733	-	911,733
Bonds payable	74,225,133	-	74,225,133	-	74,225,133
Other long-term liabilities	6,038,898	1,711,723	7,750,621	-	7,750,621
Deferred income	55,211,403	64,205,802	119,417,205	-	119,417,205
Total long-term liabilities	138,958,653	75,533,794	214,492,447	-	214,492,447
Total liabilities	145,058,300	91,186,620	236,244,920	(7,809,817)	228,435,103
<b>Net assets</b>					
Net assets without donor restrictions controlling	148,815,135	77,558,129	226,373,264	(77,558,129)	148,815,135
Net assets without donor restrictions noncontrolling	-	(937,227)	(937,227)	-	(937,227)
Total net assets without donor restrictions	148,815,135	76,620,902	225,436,037	(77,558,129)	147,877,908
Net assets with donor restrictions	6,041,712	-	6,041,712	-	6,041,712
Total net assets	154,856,847	76,620,902	231,477,749	(77,558,129)	153,919,620
Total liabilities and net assets	\$ 299,915,147	\$ 167,807,522	\$ 467,722,669	\$ (85,367,946)	\$ 382,354,723

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Activities - Core Operating Companies  
Year ended December 31, 2024**

	POAH INC without donor restrictions	POAH INC with donor restriction	POAH LLC	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 39,869	\$ -	\$ 240,900	\$ 280,769	\$ -	\$ 280,769
Grant income	83,557	217,350	-	300,907	-	300,907
Grant income, capital investments	3,561,047	2,574,623	-	6,135,670	-	6,135,670
Contribution income	55,214	-	-	55,214	-	55,214
Developer fee revenue	-	-	19,059,830	19,059,830	-	19,059,830
Cash flow from properties	504,290	-	2,042,434	2,546,724	-	2,546,724
State tax credit proceeds	7,300,000	-	-	7,300,000	-	7,300,000
Property management and related fees	-	-	12,463,712	12,463,712	-	12,463,712
Reimbursable salaries and expenses	-	-	36,885,873	36,885,873	-	36,885,873
Gain on receipt of mortgage note	-	-	7,940,935	7,940,935	-	7,940,935
Proceeds from property refinancing	1,708,603	-	-	1,708,603	-	1,708,603
Interest income	1,887,000	-	3,674,783	5,561,783	-	5,561,783
Investment income (loss)	7,399,328	-	31,452	7,430,780	(8,286,195)	(855,415)
Other income	426,683	63,324	20,136	510,143	-	510,143
	22,965,591	2,855,297	82,360,055	108,180,943	(8,286,195)	99,894,748
Net assets released from restrictions	2,454,850	(2,454,850)	-	-	-	-
Total support and revenue	25,420,441	400,447	82,360,055	108,180,943	(8,286,195)	99,894,748
Expenses						
Personnel	2,220,474	-	23,236,048	25,456,522	-	25,456,522
Development expense	-	-	7,375,508	7,375,508	-	7,375,508
Professional services	563,955	-	565,891	1,129,846	-	1,129,846
Contributions and grants made	690,531	-	10,235	700,766	-	700,766
Rental and utilities	242,344	-	1,339,601	1,581,945	-	1,581,945
Taxes and insurance	567,281	-	168,321	735,602	-	735,602
Travel and lodging	170,874	-	872,271	1,043,145	-	1,043,145
Interest expense	3,683,242	-	637,987	4,321,229	-	4,321,229
Reimbursable salaries and expenses	-	-	36,885,873	36,885,873	-	36,885,873
Property operations	-	-	209,687	209,687	-	209,687
Property mortgage interest	-	-	35,095	35,095	-	35,095
Office and administration	200,153	-	1,810,898	2,011,051	-	2,011,051
Depreciation and amortization	81,538	-	77,668	159,206	-	159,206
Community impact	3,896,602	-	-	3,896,602	-	3,896,602
Bad debt expense	-	-	849,869	849,869	-	849,869
Miscellaneous	76,769	-	44,391	121,160	-	121,160
Total expenses	12,393,763	-	74,119,343	86,513,106	-	86,513,106
Excess of revenue over expenses (expenses over revenue)	13,026,678	400,447	8,240,712	21,667,837	(8,286,195)	13,381,642
Excess of expenses over revenue attributable to noncontrolling interests	-	-	45,483	45,483	-	45,483
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>\$ 13,026,678</u>	<u>\$ 400,447</u>	<u>\$ 8,286,195</u>	<u>\$ 21,713,320</u>	<u>\$ (8,286,195)</u>	<u>\$ 13,427,125</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Changes in Net Assets - Core Operating Companies  
Year ended December 31, 2024**

	Net assets without donor restrictions						Net assets with donor restrictions	Total
	Controlling	POAH LLC	Eliminations	Subtotal	Noncontrolling	Total	Controlling	
	POAH INC				POAH LLC		POAH INC	
Beginning balance, January 1, 2024	\$ 135,108,375	\$ 73,091,852	\$ (73,091,852)	\$ 135,108,375	\$ (678,248)	\$ 134,430,127	\$ 5,641,265	\$ 140,071,392
Distributions to member	-	(4,500,000)	4,500,000	-	-	-	-	-
Distributions to noncontrolling member	-	-	-	-	(213,496)	(213,496)	-	(213,496)
Other changes in equity	680,082	680,082	(680,082)	680,082	-	680,082	-	680,082
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	(45,483)	(45,483)	-	(45,483)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	13,026,678	8,286,195	(8,286,195)	13,026,678	-	13,026,678	400,447	13,427,125
Ending balance, December 31, 2024	<u>\$ 148,815,135</u>	<u>\$ 77,558,129</u>	<u>\$ (77,558,129)</u>	<u>\$ 148,815,135</u>	<u>\$ (937,227)</u>	<u>\$ 147,877,908</u>	<u>\$ 6,041,712</u>	<u>\$ 153,919,620</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows - Core Operating Companies  
Year ended December 31, 2024**

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Cash flows from operating activities					
Excess of revenue over expenses (expenses over revenue)	\$ 13,427,125	\$ 8,240,712	\$ 21,667,837	\$ (8,286,195)	\$ 13,381,642
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by operating activities					
Investment (income) loss	(7,399,328)	(31,452)	(7,430,780)	8,286,195	855,415
Depreciation and amortization	81,538	77,668	159,206	-	159,206
Amortization of debt issuance costs	98,434	35,544	133,978	-	133,978
Bad debt expense	-	849,869	849,869	-	849,869
Changes in					
Accounts receivable	(44,088)	(5,489,884)	(5,533,972)	-	(5,533,972)
Predevelopment costs reimbursable	(4,888,991)	(358,099)	(5,247,090)	-	(5,247,090)
Prepaid expenses and other assets	258,459	(546,959)	(288,500)	-	(288,500)
Accounts payable and accrued expenses	595,027	942,812	1,537,839	-	1,537,839
Prepaid and deferred revenues	8,125,130	(307,241)	7,817,889	-	7,817,889
Tenant security deposits liabilities	-	(7,637)	(7,637)	-	(7,637)
Due to affiliates, net	(723,032)	1,217,647	494,615	-	494,615
Net cash provided by operating activities	9,530,274	4,622,980	14,153,254	-	14,153,254
Cash flows from investing activities					
Proceeds from sale of short term investments	7,413,770	-	7,413,770	-	7,413,770
Advances on notes receivable and accrued interest	(36,924,572)	(3,278,348)	(40,202,920)	-	(40,202,920)
Repayments of notes receivable and accrued interest	10,953,109	13,299,734	24,252,843	-	24,252,843
Purchase of limited partner interest	-	(501,497)	(501,497)	-	(501,497)
Acquisition of assets	(40,000)	-	(40,000)	-	(40,000)
Contributions to partnerships	(779,893)	(750,000)	(1,529,893)	-	(1,529,893)
Distributions from partnerships	949,106	515,566	1,464,672	-	1,464,672
Distribution from subsidiary	4,500,000	-	4,500,000	(4,500,000)	-
Net cash (used in) provided by investing activities	(13,928,480)	9,285,455	(4,643,025)	(4,500,000)	(9,143,025)
Cash flows from financing activities					
Proceeds from line of credit	-	3,000,000	3,000,000	-	3,000,000
Payments on line of credit	(650,000)	(474,329)	(1,124,329)	-	(1,124,329)
Payment on notes and mortgages payable	-	(1,750,000)	(1,750,000)	-	(1,750,000)
Deferred income	(980,024)	(7,940,935)	(8,920,959)	-	(8,920,959)
Debt issuance costs	-	-	-	-	-
Distributions to members	-	(4,713,496)	(4,713,496)	4,500,000	(213,496)
Net cash (used in) provided by financing activities	(1,630,024)	(11,878,760)	(13,508,784)	4,500,000	(9,008,784)
Net decrease in cash, cash equivalents, and restricted cash	(6,028,230)	2,029,675	(3,998,555)	-	(3,998,555)
Cash, cash equivalents, and restricted cash, December 31, 2023	41,240,699	12,787,440	54,028,139	-	54,028,139
Cash, cash equivalents, and restricted cash, December 31, 2024	\$ 35,212,469	\$ 14,817,115	\$ 50,029,584	\$ -	\$ 50,029,584

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information**

**Consolidating Schedule of Cash Flows - Core Operating Companies**

**Year ended December 31, 2024**

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Supplemental disclosure of cash flow activities					
Cash paid for interest	<u>\$ 135,664</u>	<u>\$ 535,292</u>	<u>\$ 670,956</u>	<u>\$ -</u>	<u>\$ 670,956</u>
Schedule of noncash investing activities					
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 346,092</u>	<u>\$ 346,092</u>	<u>\$ 692,184</u>	<u>\$ (346,092)</u>	<u>\$ 346,092</u>

See Independent Auditor's Report.



Preservation of Affordable Housing , Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Financial Position - POAH LLC  
December 31, 2024

Assets

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Current assets						
Cash and cash equivalents	\$ 12,409,402	\$ 2,320,066	\$ 100	\$ 67,129	\$ -	\$ 14,796,697
Accounts receivable						
Properties, net of allowance for credit losses	2,567,113	4,503,642	-	10,455	(140,273)	6,940,937
Development fees	20,353,156	-	388	-	-	20,353,544
Other	68,433	45,897	-	-	-	114,330
Due from related parties	6,407,840	695,607	-	-	(1,902,177)	5,201,270
Prepaid expenses	233,930	606,262	-	-	-	840,192
Interest on notes receivable, net of allowance	2,894,468	-	-	-	-	2,894,468
Predevelopment costs reimbursable, current	6,733,961	-	-	-	-	6,733,961
Total current assets	51,668,303	8,171,474	488	77,584	(2,042,450)	57,875,399
Other assets						
Tenant security deposits	-	-	-	20,418	-	20,418
Notes receivable, net of discount, allowance, and current	101,234,901	-	4,499,306	-	-	105,734,207
Investment in companies	9,014,969	-	-	-	(9,014,969)	-
Investment in partnerships	1,276,466	-	-	-	580,320	1,856,786
Other assets	72,230	9,625	-	-	-	81,855
Total other assets	111,598,566	9,625	4,499,306	20,418	(8,434,649)	107,693,266
Fixed assets						
Land and buildings	-	-	-	938,747	-	938,747
Furniture, equipment and leasehold improvements	173,150	177,532	-	-	-	350,682
Right-of-use assets	215,028	53,801	-	1,364,411	-	1,633,240
Less: Accumulated depreciation	(172,319)	(172,144)	-	(339,349)	-	(683,812)
Total fixed assets	215,859	59,189	-	1,963,809	-	2,238,857
Total assets	\$ 163,482,728	\$ 8,240,288	\$ 4,499,794	\$ 2,061,811	\$ (10,477,099)	\$ 167,807,522

Preservation of Affordable Housing , Inc. and Subsidiaries

Supplementary Information  
Consolidating Schedule of Financial Position - POAH LLC  
December 31, 2024

Liabilities and Net Assets

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Liabilities						
Current liabilities						
Accounts payable	\$ 657,869	\$ 267,232	\$ -	\$ 5,975	\$ -	\$ 931,076
Accrued expenses	470,105	2,749,092	-	-	-	3,219,197
Development costs payable	1,067,500	-	-	5,800	-	1,073,300
Accrued interest	78,832	-	-	2,885	-	81,717
Loan payable, current	815,500	-	-	692,314	-	1,507,814
Line of credit, current	3,400,000	-	-	-	-	3,400,000
Tenant security deposits	-	-	-	20,307	-	20,307
Due to related parties	5,488,269	1,380,679	140,273	452,644	(2,042,450)	5,419,415
Total current liabilities	11,978,075	4,397,003	140,273	1,179,925	(2,042,450)	15,652,826
Long-term liabilities						
Loans and notes payable, net of current	7,382,601	-	-	-	-	7,382,601
Line of credit, net of current	1,321,935	-	-	-	-	1,321,935
Accrued interest payable - loans and notes payable	911,733	-	-	-	-	911,733
Other long-term liabilities	221,744	27,773	-	1,462,206	-	1,711,723
Deferred income	64,108,511	97,291	-	-	-	64,205,802
Total long-term liabilities	73,946,524	125,064	-	1,462,206	-	75,533,794
Total liabilities	85,924,599	4,522,067	140,273	2,642,131	(2,042,450)	91,186,620
Net assets						
Net assets without donor restrictions controlling	77,558,129	3,718,221	5,296,748	(580,320)	(8,434,649)	77,558,129
Net assets without donor restriction noncontrolling	-	-	(937,227)	-	-	(937,227)
Total net assets without donor restrictions	77,558,129	3,718,221	4,359,521	(580,320)	(8,434,649)	76,620,902
Total liabilities and net assets	\$ 163,482,728	\$ 8,240,288	\$ 4,499,794	\$ 2,061,811	\$ (10,477,099)	\$ 167,807,522

See Independent Auditor's Report.

**Preservation of Affordable Housing , Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Activities - POAH LLC  
Year ended December 31, 2024**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Support and revenue						
Rental income	\$ -	\$ -	\$ -	\$ 240,900	\$ -	\$ 240,900
Development and other fee revenue from properties	19,059,830	-	-	-	-	19,059,830
Cash flow from properties	2,182,607	-	-	-	(140,173)	2,042,434
Property management and related fees	-	12,463,712	-	-	-	12,463,712
Reimbursable salaries and expenses	-	36,885,873	-	-	-	36,885,873
Gain on receipt of mortgage note	7,940,935	-	-	-	-	7,940,935
Interest income	3,640,696	13	33,879	195	-	3,674,783
Investment (loss) income	(232,523)	-	-	-	263,975	31,452
Other income	-	20,136	-	-	-	20,136
Total support and revenue	32,591,545	49,369,734	33,879	241,095	123,802	82,360,055
Expenses						
Personnel	13,580,613	9,655,435	-	-	-	23,236,048
Development expense	7,375,508	-	140,173	-	(140,173)	7,375,508
Professional services	414,440	151,451	-	-	-	565,891
Contributions and grants made	10,235	-	-	-	-	10,235
Rental and utilities	983,705	355,896	-	-	-	1,339,601
Taxes and insurance	1,922	166,399	-	-	-	168,321
Travel and lodging	289,762	582,509	-	-	-	872,271
Interest expense	637,987	-	-	-	-	637,987
Reimbursable salaries and expenses	-	36,885,873	-	-	-	36,885,873
Property operations	-	-	-	209,687	-	209,687
Property mortgage interest	-	-	-	35,095	-	35,095
Office and administration	974,014	836,884	-	-	-	1,810,898
Depreciation and amortization	2,495	12,590	-	62,583	-	77,668
Bad debt expense	-	849,869	-	-	-	849,869
Miscellaneous	34,669	9,722	-	-	-	44,391
Total expenses	24,305,350	49,506,628	140,173	307,365	(140,173)	74,119,343
Excess of revenue over expenses (expenses over revenue)	8,286,195	(136,894)	(106,294)	(66,270)	263,975	8,240,712
Excess of expenses over revenue attributable to noncontrolling interest	-	-	45,483	-	-	45,483
Excess of revenue over expenses (expenses over revenue) attributable to the Company	\$ 8,286,195	\$ (136,894)	\$ (60,811)	\$ (66,270)	\$ 263,975	\$ 8,286,195

See Independent Auditor's Report.

**Preservation of Affordable Housing , Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Statement of Changes in Net Assets - POAH LLC  
Year ended December 31, 2024**

	Controlling					Noncontrolling		Total
	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Subtotal	PTLHC	
Balance at January 1, 2024	\$ 73,091,852	\$ 3,855,115	\$ 5,161,806	\$ (514,050)	\$ (8,502,871)	\$ 73,091,852	\$ (678,248)	\$ 72,413,604
Distributions to the member	(4,500,000)	-	-	-	-	(4,500,000)	-	(4,500,000)
Distributions to noncontrolling member	-	-	-	-	-	-	(213,496)	(213,496)
Other changes in equity								
Common control - interest	346,092	-	19,904	-	(19,904)	346,092	-	346,092
Common control - principal	333,990	-	175,849	-	(175,849)	333,990	-	333,990
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	(45,483)	(45,483)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	8,286,195	(136,894)	(60,811)	(66,270)	263,975	8,286,195	-	8,286,195
Balance at December 31, 2024	<u>\$ 77,558,129</u>	<u>\$ 3,718,221</u>	<u>\$ 5,296,748</u>	<u>\$ (580,320)</u>	<u>\$ (8,434,649)</u>	<u>\$ 77,558,129</u>	<u>\$ (937,227)</u>	<u>\$ 76,620,902</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Supplementary Information  
Consolidating Schedule of Cash Flows - POAH LLC  
Year ended December 31, 2024**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Cash flows from operating activities						
Excess of revenue over expenses (expenses over revenue)	\$ 8,286,195	\$ (136,894)	\$ (106,294)	\$ (66,270)	\$ 263,975	\$ 8,240,712
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by (used in) operating activities						
Investment loss (income)	232,523	-	-	-	(263,975)	(31,452)
Depreciation and amortization	2,495	12,590	-	62,583	-	77,668
Amortization of debt issuance costs	35,544	-	-	-	-	35,544
Bad debt expense	-	849,869	-	-	-	849,869
Changes in						
Accounts receivable	(5,349,663)	(153,107)	5,036	7,850	-	(5,489,884)
Predevelopment costs reimbursable	(358,099)	-	-	-	-	(358,099)
Prepaid expenses and other assets	(207,847)	(339,112)	-	-	-	(546,959)
Accounts payable and accrued expenses	619,253	318,387	-	5,172	-	942,812
Prepaid revenue and deferred liabilities	(264,360)	(51,327)	-	8,446	-	(307,241)
Tenant security deposits liabilities	-	-	-	(7,637)	-	(7,637)
Due to affiliates, net	631,798	586,186	(337)	-	-	1,217,647
Net cash provided by (used in) operating activities	3,627,839	1,086,592	(101,595)	10,144	-	4,622,980
Cash flows from investing activities						
Advances on notes receivable and accrued interest	(3,244,469)	-	(33,879)	-	-	(3,278,348)
Repayment of notes receivable and accrued interest	12,950,764	-	348,970	-	-	13,299,734
Purchase of limited partner interest	(501,497)	-	-	-	-	(501,497)
Contribution to partnership	(750,000)	-	-	-	-	(750,000)
Distribution from partnership	515,566	-	-	-	-	515,566
Net cash provided by investing activities	8,970,364	-	315,091	-	-	9,285,455
Cash flows from financing activities						
Proceeds from line of credit	3,000,000	-	-	-	-	3,000,000
Payments on line of credit	(474,329)	-	-	-	-	(474,329)
Payments on notes payable	(1,750,000)	-	-	-	-	(1,750,000)
Deferred income	(7,940,935)	-	-	-	-	(7,940,935)
Distributions to member	(4,500,000)	-	(213,496)	-	-	(4,713,496)
Net cash used in financing activities	(11,665,264)	-	(213,496)	-	-	(11,878,760)
Net increase in cash, cash equivalents, and restricted cash	932,939	1,086,592	-	10,144	-	2,029,675
Cash, cash equivalents, and restricted cash, beginning	11,476,463	1,233,474	100	77,403	-	12,787,440
Cash, cash equivalents, and restricted cash, ending	<u>\$ 12,409,402</u>	<u>\$ 2,320,066</u>	<u>\$ 100</u>	<u>\$ 87,547</u>	<u>\$ -</u>	<u>\$ 14,817,115</u>
Supplemental disclosure of cash flow activities						
Cash paid for interest	<u>\$ 500,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,191</u>	<u>\$ -</u>	<u>\$ 535,292</u>
Schedule of noncash investing activities						
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 346,092</u>	<u>\$ -</u>	<u>\$ 19,904</u>	<u>\$ -</u>	<u>\$ (19,904)</u>	<u>\$ 346,092</u>

See Independent Auditor's Report.

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2024**

Federal Agency/ (Pass-through Agency)/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures			
			From Pass-through Awards	From Direct Awards	Total Expenditures	Passed through to Subrecipients
U.S. Department of the Treasury						
Community Development Financial Institutions Fund						
Capital Magnet Fund - 2016	21.011	N/A	\$ -	\$ 1,515,000	\$ 1,515,000	\$ -
Capital Magnet Fund - 2018	21.011	N/A	-	3,634,935	3,634,935	-
Capital Magnet Fund - 2020	21.011	N/A	-	8,000,000	8,000,000	-
Capital Magnet Fund - 2021	21.011	N/A	-	12,000,000	12,000,000	-
Capital Magnet Fund - 2023	21.011	N/A	-	11,535,774	11,535,774	-
<b>Total Community Development Financial Institutions Fund</b>			-	36,685,709	36,685,709	-
<b>Total expenditures of federal awards</b>			<u>\$ -</u>	<u>\$ 36,685,709</u>	<u>\$ 36,685,709</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2024**

#### **Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Preservation of Affordable Housing, Inc. and Subsidiaries under various programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Preservation of Affordable Housing, Inc. and Subsidiaries, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Preservation of Affordable Housing, Inc. and Subsidiaries.

#### **Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3 - Indirect cost rate**

Preservation of Affordable Housing, Inc. and Subsidiaries has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements  
Performed in Accordance With Government Auditing Standards

Board of Directors  
Preservation of Affordable Housing, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 29, 2025. The financial statements of certain Subsidiaries were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those Subsidiaries.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting.

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

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



## Report on Compliance and Other Matters

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

## Purpose of this Report

The purpose of this 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 entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Bethesda, Maryland  
June 29, 2025

Independent Auditor's Report on Compliance for the Major Federal Program and Report  
on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors  
Preservation of Affordable Housing, Inc. and Subsidiaries

**Report on Compliance for the Major Federal Program**

***Qualified Opinion***

We have audited Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Preservation of Affordable Housing, Inc. and Subsidiaries' major federal program for the year ended December 31, 2024. Preservation of Affordable Housing, Inc. and Subsidiaries' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Qualified Opinion on the Major Federal Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Preservation of Affordable Housing, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

***Basis for Qualified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Preservation of Affordable Housing, Inc. and Subsidiaries 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

***Matter Giving Rise to Qualified Opinion on the Major Federal Program***

As described in the accompanying schedule of findings and questioned costs, Preservation of Affordable Housing, Inc. and Subsidiaries did not comply with requirements regarding Assistance Listing No. 21.011 Capital Magnet Fund as described in finding number 2024-001 for Period of Performance.

Compliance with such requirements is necessary, in our opinion, for Preservation of Affordable Housing, Inc. and Subsidiaries to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Preservation of Affordable Housing, Inc. and Subsidiaries' federal program.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Preservation of Affordable Housing, Inc. and Subsidiaries' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*Government Auditing Standards* requires the auditor to perform limited procedures on Preservation of Affordable Housing, Inc. and Subsidiaries' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Preservation of Affordable Housing, Inc. and Subsidiaries' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Bethesda, Maryland  
June 29, 2025

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Schedule of Findings and Questioned Costs  
December 31, 2024**

**A. Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified?        Yes   x   None reported

Noncompliance material to financial statements noted?

       Yes   x   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified?        Yes   x   None reported

Type of auditor's report issued on compliance for major federal programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

  x   Yes        No

Identification of major federal programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

21.011

Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee

       Yes   x   No

**Preservation of Affordable Housing, Inc. and Subsidiaries**

**Schedule of Findings and Questioned Costs  
December 31, 2024**

**B. Findings - Financial Statement Audit**

None reported

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

**Finding No. 2024-001 – Period of Performance**

**Name of Federal Agency:** U.S. Department of the Treasury, Community Development Financial Institutions Fund

**Federal Program Name and Assistance Listing Number:** Capital Magnet Fund, No. 21.011

**Federal Award Identification Number and Year:** 181CM050459, 2018

**Criteria**

In accordance with the fiscal year 2018 Capital Magnet Fund (“CMF”) Assistance Agreement, Section 3.2 (j), the entity shall achieve project completion with respect to projects financed/supported by its entire CMF Award by no later than March 27, 2024.

**Condition**

The entity did not achieve project completion for all projects financed by the entity's CMF Award by the due date.

**Cause**

Construction was delayed due to COVID 19 and local permitting challenges.

**Effect or Potential Effect**

The entity is not in compliance with the fiscal year 2018 Capital Magnet Fund Assistance Agreement.

**Questioned Costs:** Not applicable.

**Context**

One of four projects did not achieve project completion. The production targets of the fiscal year 2018 Capital Magnet Fund Assistance Agreement were met without the incomplete project.

**Repeat Finding:** No

**Recommendation**

Management should complete construction on the project and submit required documentation to the Community Development Financial Institutions Fund.

## **Preservation of Affordable Housing, Inc. and Subsidiaries**

### **Schedule of Findings and Questioned Costs December 31, 2024**

#### **Views of Responsible Officials**

One of the four CMF funded projects, Barry Farm, is a two-phase project. The construction start was delayed due to local permitting challenges and COVID-related issues which resulted in the project not being completed by the original Project Completion date of March 27, 2024. Management informed CDFI Fund of the delays in the project and on May 16, 2024, CDFI Fund provided a one-year cure period to March 31, 2025.

At that time, Management informed CDFI Fund that the second phase of the Barry Farm project would require a longer cure period due to a 30-month delivery schedule, driven by the incorporation of a large geothermal system, with delivery set for late 2026. CDFI Fund directed Management to report on the second phase's progress with a new cure period request annually until project completion.

During the cure period, Barry Farm's first phase was completed, and is now leased up and operating. In March 2025, Management informed CDFI of the project status for phase two which is now 24% complete and remains on schedule for completion in November 2026. CDFI Fund provided a one-year cure period until March 31, 2026. Management has otherwise significantly exceeded the grant's performance targets and will request cure period extensions until project completion.



**Independent Member of Nexia**

[cohnreznick.com](http://cohnreznick.com)