Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Covia Affordable Communities and Subsidiaries
(a California Nonprofit Public Benefit Corporation)

March 31, 2021

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MOSSADAMS

Report of Independent Auditors

To the Board of Directors
Covia Affordable Communities and Subsidiaries
(a California Nonprofit Public Benefit Corporation)

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Covia Affordable Communities and Subsidiaries (a California nonprofit public benefit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of March 31, 2021, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Covia Affordable Communities and Subsidiaries as of March 31, 2021, and the results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities and changes in net assets as of and for the year ended March 31, 2021, are presented for purposes of additional analysis and are 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

San Francisco, California
July 21, 2021

Consolidated Financial Statements

Covia Affordable Communities and Subsidiaries
Consolidated Statement of Financial Position
March 31, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 16,115,741
Cash and cash equivalents - restricted	82,513
Cash and cash equivalents - investments	2,462,481
Investments	1,855,548
Accounts receivable	1,582,664
Prepaid expenses and other assets	1,062,718
Total current assets	23,161,665
TENANT SECURITY DEPOSITS	350,961
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Operating reserves	247,566
Replacement reserves	9,721,377
Bond reserves	23,992
Insurance and tax impounds	103,055
Restabilization reserves	135,324
Residual receipts	470,336
Segregated repair reserves	1,029,741
Restricted deposits	57,884
Restricted asset for remainder trust	640,405
Other reserves	1,557,432
Total restricted deposits and funded reserves	13,987,112
RIGHT-OF-USE ASSET, NET	2,037,989
PROPERTY AND EQUIPMENT	
Land and land improvements	15,639,617
Buildings and building improvements	78,730,925
Furniture and fixtures	1,947,524
Office and other equipment	1,603,484
Motor vehicles	250,997
Construction in progress	3,471,113
	101,643,660
Accumulated depreciation	(41,373,779)
Total property and equipment, net	60,269,881
OTHER ASSETS	
Development costs	3,974,286
Total other assets	3,974,286
TOTAL ASSETS	$ 103,781,894

See accompanying notes.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 1,749,465
Accounts payable - affiliated organizations	470,362
Accrued expenses	952,203
Current portion of mortgages payable	376,229
Lease liability - current portion	113,733
Other accrued liabilities	36,685
Accrued interest	13,194
Total current liabilities	3,711,871
TENANT SECURITY DEPOSITS	350,961
LONG-TERM LIABILITIES	
Mortgages payable, net of current portion	47,995,922
Accrued interest	2,280,343
Ground lease payable	835,067
Lease liability, net	2,037,989
Liability under charitable remainder unitrust	640,405
Total long-term liabilities	53,789,726
Total liabilities	57,852,558
NET ASSETS	
Net assets without donor restrictions	
Designated by the Board:	
Restricted deposits and funded reserves	12,347,493
Undesignated	31,978,650
Total controlling interest	44,326,143
Noncontrolling interest in Oak Centers, L.P.	1,463,849
Total net assets without donor restrictions	45,789,992
Net assets with donor restrictions	139,344
Total net assets	45,929,336
TOTAL LIABILITIES AND NET ASSETS	$ 103,781,894

Covia Affordable Communities and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
Year Ended March 31, 2021

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and support:		
Residential rental revenue, net of vacancy loss of $634,300	$	20,126,554
Contract services revenue		2,184,965
Grant and contributions income		6,152
Food and social services		785,572
Investment returns, net		691,901
Interest reduction payment revenue, net		35,525
Laundry and tenant charges		30,069
Miscellaneous income		274,168
Total revenues and support		24,134,906
Expenses:		
Food service and other		1,405,253
Utilities		1,498,992
Operating and maintenance		3,927,434
Taxes and insurance		1,102,635
Interest		1,445,653
Rental expenses		354,606
Depreciation and amortization		3,612,479
Miscellaneous expense		294,194
Administrative		6,262,121
Total expenses		19,903,367
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		4,231,539
CHANGE IN NET ASSETS		4,231,539
NET ASSETS, beginning of year		41,697,797
NET ASSETS, end of year	$	45,929,336

See accompanying notes.

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 4,231,539
Adjustments to reconcile change in net assets	
to cash provided by operating activities	
Unrealized loss on investments	(428,946)
Depreciation and amortization	3,612,479
Amortization debt issuance costs	33,559
Change in operating assets and liabilities	
Accounts receivable	(909,679)
Accounts receivable - affiliated organization	8,870
Prepaid expenses	(414,628)
Development costs	(773,584)
Other assets	8,746
Accounts payable	(463,571)
Accounts payable - affiliated organization	280,032
Accrued expenses	275,416
Accrued liabilities	120,000
Lease liability, net	113,733
Ground lease payable	147,004
Accrued interest	8,045
Net cash provided by operating activities	5,849,015
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(3,840,366)
Proceeds from investments	682,890
Net cash used in investing activities	(3,157,476)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on mortgages payable	(481,697)
Net cash used in financing activities	(481,697)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,209,842
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	30,148,561
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 32,358,403
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	
Cash and cash equivalents - operations	$ 16,115,741
Cash and cash equivalents - restricted	82,513
Cash and cash equivalents - investments	2,462,481
Restricted cash - tenant security deposits	350,961
Restricted cash - restricted deposits and funded reserves	13,346,707
End of year	$ 32,358,403
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION	
Cash paid for interest	$ 1,298,649

See accompanying notes.

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Covia Affordable Communities ("Affordable Communities"), is a California nonprofit public benefit corporation incorporated in 2000. Covia Group ("Group"), a California nonprofit public benefit corporation, is the sole member of the Affordable Communities, which was formed to provide organizational, fundraising, and facilities management services to affiliated nonprofit public benefit corporations that provide healthcare services, supportive services, and/or housing to low-income persons, the elderly, and others with special needs. Affordable Communities is the sole member of: Community Housing, Inc. ("CHI"), which operates Lytton Gardens I ("Lytton I") and Lytton Gardens II ("Lytton II"); Lytton IV Housing Corporation ("Lytton IV"); Oak Center Towers ("OCT"); Presidio Gate Apartments, Inc. ("PGA"); Jennings Senior Housing ("JSH"); Shires Memorial Center ("SMC"), Bethany Center Senior Housing, Inc. ("BCSH"), all of which are affordable senior housing communities. (collectively the "Affordable Subsidiaries"). BCSH is the sole member of Bethany Center Foundation of San Francisco ("BCF") a nonprofit public benefit corporation organized in 2007 to provide financial, administrative, programmatic, and other forms of support to its sole member. The financial statements of Affordable Communities, Affordable Subsidiaries, and BCF (collectively the "Organization"), are included in the accompanying consolidated financial statements.

CHI is a California nonprofit public benefit corporation formed in 1970 in Palo Alto, California to provide housing and personal care programs for the elderly. In 1975, CHI opened Lytton I, a 220-unit independent-living apartment facility. The project was financed and is operated under the provisions of Section 236 of the National Housing Act ("NHA"). Lytton II, a 100-unit facility consisting of 50 residential care apartments and 50 independent-living apartments, was opened in 1979. The project was financed and is operated under the provisions of Section 202 of the NHA.

Lytton IV, a California nonprofit public benefit corporation, was formed in 1992 to develop, construct, and operate a 51-unit independent living apartment complex in Palo Alto, California. The project was primarily financed by and is operated under the provisions of Section 202 of the NHA, as amended.

OCT, a California nonprofit public benefit corporation, was formed in 1971 to operate a 196-unit affordable residential complex for elderly or disabled persons in Oakland, California and to provide associated supporting social services. In June 2005, OCT sold its interest to Oak Centers, L.P. ("OCLP"), a California limited partnership as part of a low-income housing tax credit refinancing transaction. The purpose of the transaction was to generate funds to perform a substantial rehabilitation of OCLP. OCT is the sole general partner of OCLP and owns a 0.01% interest in the capital and profits of OCLP. OCT provided a capital contribution of $1,200,000 and a long-term loan in the amount of $3,805,437 to OCLP.

PGA, a California nonprofit public benefit corporation, was formed in 1982, for the purpose of constructing and operating a senior rental housing project under Section 202 of the NHA. PGA consists of 54 affordable senior housing apartments plus one nonrent bearing resident manager's unit and is located in San Francisco, California.

JSH, a California nonprofit public benefit corporation, was formed in 2005, to construct, own, and operate an independent living apartment complex, Jennings Court Apartments, specifically for low income seniors located in Santa Rosa, California and is operated under Section 202 of the NHA, as amended, and consists of 54 partially subsidized apartments and one nonrent bearing resident manager's unit.

SMC, a California nonprofit public benefit corporation, was formed in 1961, for the purpose of operating low income senior rental housing project. SMC consists of 99 affordable senior housing apartments plus one nonrent bearing resident manager's unit and is located in San Jose, California.

BCSH, a California nonprofit public benefit corporation, was formed in 1968, for the purpose of operating low income senior rental housing project. BCSH consists of 135 affordable senior housing apartments is located in San Francisco, California. The Project is operated under Section 223(f) of the NHA. BCF is a California nonprofit public benefit corporation, was formed in 2007, for the purpose of to provide support to Bethany Center Senior Housing, Inc. its sole member.

Lytton I, Lytton II, Lytton IV, OCLP, PGA, JSH, and BCSH are each subject to restrictions contained in the respective Acts and are regulated by the United States Department of Housing and Urban Development ("HUD") as to rent charges, operating methods, use of assets, and other matters. Rents are partially subsidized under Section 8 of the NHA. Lytton I, Lytton II, Lytton IV, OCLP, PGA, JSH, and BCSH received $4,868,891, $2,156,062, $238,052, $3,970,372, $1,131,565, $314,622, and $3,641,349 respectively, as rent subsidies during the year ended March 31, 2021.

Affiliated organizations – Through their common member, Group, Affordable Communities is affiliated with Covia Communities ("Communities"), which operates five life plan communities; Covia Foundation ("Foundation"), a fundraising and supporting organization to Communities, (collectively, the "Affiliates"). The Affiliates are California nonprofit public benefit corporations. Some of the Affiliates share common officers, directors, and management and, at times, provide various support services to one another. The financial statements of the Affiliates are not included in the accompanying consolidated financial statements of the Organization.

On June 1, 2020, the Board of Directors for Front Porch, Covia Communities and Covia Group voted to affiliate. The affiliation was approved and completed on April 1, 2021.

Basis of presentation – The accompanying consolidated financial statements include the accounts of Affordable Communities, Lytton I, Lytton II, Lytton IV, OCT, PGA, JSH, SMC, and BCSH. The entities are under common management and control and share a Board of Directors. All significant inter-company balances and transactions have been eliminated. The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes income in the period earned and expenses when incurred, consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents – Cash and cash equivalents include cash on hand and cash held in demand deposit, sweep, savings accounts, and certain investments in highly liquid instruments with original maturities of three months or less. Not included in cash and cash equivalents are funds restricted as to their use, regardless of their liquidity, such as security deposits and operating and replacement reserves.

Concentration of risk – Financial instruments potentially subjecting the Organization to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation limits.

Accounts receivable – The Organization receives payment from residents and HUD for services provided. The Organization uses the specific write-off method to provide for doubtful accounts since past experience and management's estimation indicates an adequate allowance for such accounts is immaterial.

Restricted deposits and funded reserves – Assets whose use is limited are funded reserves for replacement, repairs, and insurance of the Organization. Such assets consist of cash and cash equivalents carried at fair value based on quoted market prices (see Note 4).

Investments and investment return – Investments are measured at fair value. Investment income or loss (including interest, dividends, realized gains and losses on investments, and unrealized gains and losses on investments) are included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

The fair value of private equity funds is based on net asset value ("NAV") information provided by external fund managers and investment advisors. These securities, which include dynamic asset allocation overlays are based on valuations provided by the external investment managers, adjusted for receipts and disbursements of cash and distributions of securities if the date of valuation is prior to the Organization's fiscal year end. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information. The Organization believes the carrying amounts of these financial instruments are a reasonable estimate of their fair value. For those investments that are not traded on a ready market, the estimates of their fair values may differ from the values that would have been used had a ready market for those investments existed. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the accompanying consolidated statements of activities and changes in net assets as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and equipment – Property and equipment are stated at cost. Acquisitions of $7,500 or more and with a useful life of more than one year are capitalized. Depreciation is based upon straight-line method at rates based on the estimated useful lives of the various classes of property which range from 3 to 40 years. The Organization periodically evaluates the carrying value of its long-lived assets for impairment. Based on this evaluation, no impairment was recorded for the years ended March 31, 2021. Depreciation expense for the year ended March 31, 2021, was $3,612,479, included in depreciation and amortization expense in the consolidated statement of activities and change in net assets.

Tenant security deposits – In accordance with government regulations for the respective Affordable Subsidiaries, the Organization must maintain on deposit funds equal to the related liability for tenant security deposits. Security deposits are held in separate interest-bearing savings accounts in the name of the respective Affordable Subsidiaries.

Other assets – Other assets primarily consist of lease-in-place and tax credit fees that are amortized over their estimated useful lives.

OCT incurred fees totaling $80,254 to apply for and ultimately obtain a final reservation of low-income housing tax credits. The credits are amortized over the 15-year credit period. The credits are fully amortized as of March 31, 2021.

Development costs – Development costs consist of mainly legal and feasibility costs incurred in preparation for capital improvements by certain subsidiaries of Affordable Communities which will be recovered during financing of the capital improvements, as well as certain capitalized internally developed software.

Debt issuance costs – Financing costs incurred in connection with the issuance of debt are amortized over the term of the related debt using the effective interest method.

OCT has incurred $481,212 in the bond and debt issuance costs for the Reimbursement Agreement for California Statewide Communities Development Authority ("CSCDA") Variable Rate Demand Multifamily Housing Revenue Bonds 2005 Series (the "Revenue Bonds 2005 Series"), which will be amortized over a 40-year and 17.5-year lives, respectively. Amortization expense for the years ended March 31, 2021, was $20,514, included in interest expense in the consolidated statement of activities and change in net assets. Cost of issuance, net of amortization as of March 31, 2021, was $270,823.

PGA incurred $302,549 in debt issuance costs with the refinancing of its HUD debt, which is amortized over a 35-year life. Amortization expense for the year ended March 31, 2021, was $8,644, included in interest expense in the consolidated statement of activities and change in net assets. Cost of issuance, net of amortization as of March 31, 2021, was $236,277.

BCSH incurred $176,092 in debt issuance costs with the financing of its FHA debt, which will be amortized over the life of the loan. Amortization expense for the year ended March 31, 2021, was $4,402, included in interest expense in the consolidated statement of activities and change in net assets. Cost of issuance, net of amortization as of March 31, 2021, was $171,690.

Net assets – The Organization classifies net assets as follows:

Net assets without donor restrictions represent unrestricted resources available to support the Organization's operations and temporary restricted resources which have become available for use by the Organization in accordance with the intention of the donor.

Net assets with donor restrictions represent contributions that are limited in use by the Organization in accordance with temporary donor-imposed stipulations or to be in maintained in perpetuity. These stipulations may expire with time or may be satisfied by the actions of the Organization according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from net assets with donor restrictions and recognized as net assets without donor restrictions. Net assets with donor restrictions are available primarily for assistance and capital projects as designated by the donors. At March 31, 2021, the Organization had net assets with donor restrictions of $139,344.

Revenue recognition – Rental income is shown at its maximum gross potential. Rental income is derived from rental rates subject to HUD approval. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations. Other income includes fees for late payments, cleaning, damages, laundry facilities, and other charges and is recorded when earned. The Organization recognizes revenue for services under the resident agreements in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases*, which is recognized as the services are performed.

Contract services revenue is received when customers simultaneously receive and consume the benefits provided by the Affordable Communities' performance required under various agreements which entail providing Resource Service Coordinators to support residents at the customer locations. The revenue is recorded as earned when services are provided.

Contributions – Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as net assets with or without donor restrictions depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. The Organization records contributions whose restrictions are met in the same year as unrestricted support.

Shared costs – Allocations of common costs and expenses incurred are made by management based on estimates of time, square footage, number of full-time employees, and usage of services.

Property taxes – The Organization and its Affordable Subsidiaries have filed and received exemptions from certain property taxes in accordance with Section 214 of the California Code.

Tax-exempt status – The Organization and its Affordable Subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

The Organization applies the provisions of Accounting Standards Codification ("ASC") Topic 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses. There was no such uncertain tax position at March 31, 2021.

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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments – Financial Standards Accounting Board ("FASB") ASC Topic 820, *Fair Value Measurements and Disclosures,* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investment in the near term.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values. The Organization's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period.

Please see Note 3 for fair value hierarchy disclosures of marketable securities restricted for charitable remainder unitrusts. Liabilities for payment to trust beneficiaries are classified as Level 2 in the fair value hierarchy.

Economic concentrations – The future operations of the Organization could be affected by changes in the economic or other conditions in the geographic area of its communities or by changes in federal low-income housing subsidies or the demand for such housing.

Noncontrolling interest – The FASB issued ASC Topic 958-810, *Consolidation of Not-for-profit Entities*, requiring that a recognized noncontrolling interest in another entity, whether a business or a not-for-profit entity be measured at its fair value at its acquisition date. In addition, this statement also provides guidance on the presentation of noncontrolling interest in a not-for-profit entity's financial statements. Noncontrolling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the consolidated statement of financial position. Included below is a table to reconcile the beginning and the end of the period carrying amounts of Affordable Communities' interest and noncontrolling interest for net assets:

	Controlling interest	Noncontrolling interest	Total
Net assets without			
donor restrictions, April 1, 2020	$ 40,296,415	$ 1,262,038	$ 41,558,453
Change in unrestricted net assets	4,029,728	201,811	4,231,539
Net assets without			
donor restrictions, March 31, 2021	$ 44,326,143	$ 1,463,849	$ 45,789,992

New accounting pronouncements – In September 2020, the FASB issued ASU 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets ("ASU 2020-07"), which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization's programs and other activities. ASU 2020-07 is effective for the Organization for fiscal year beginning after April 1, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the consolidated financial statements.

In the current year, the Organization adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"), which improves the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by generally accepted accounting principles. The adoption of ASU 2018-13 did not have a significant impact on the consolidated financial statements.

NOTE 2 – INVESTMENTS

The following Investments in marketable securities are comprised of equity funds, fixed income funds, common stock, and alternative funds that are redeemable on the report date. Investments in nonmarketable securities are comprised of venture funds held by the Organization. Investments by asset class are as follows at March 31, 2021:

Mutual funds	
Equity funds	$ 429,675
Fixed income funds	513,185
Equities	350,947
Dynamic asset allocation overlay	557,701
Total investments	1,851,508
Mutual funds	
Equity funds	34,850
Fixed income funds	27,918
Exchange traded funds	557,653
Money market	24,024
Total restricted assets for remainder trust	644,445
	$ 2,495,953

Investment return, net, consists of the following for the year ended March 31, 2021:

Interests and dividends, net of investment fees	$	52,375
Realized gain		210,580
Unrealized gain		428,946
Total	$	691,901

NOTE 3 – FAIR VALUE

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position at March 31, 2021, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include mutual funds, equities, exchange-traded equities, and cash equivalents included in money market funds. The Organization has an investment committee that meets periodically with management and the investment advisors to review the strategy and ongoing performance of all investments, including analyzing changes in fair value measurements from period to period.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at March 31, 2021:

	Total	Level 1	Level 2	Level 3	Net Asset Value
Mutual funds					
Equity funds	$ 464,525	$ 464,525	$ -	$ -	$ -
Fixed income funds	541,103	541,103	-	-	-
Exchange traded funds	557,653	557,653	-	-	-
Equities	350,947	350,947	-	-	-
Money market funds	24,024	24,024	-	-	-
Dynamic Asset allocation overlay	557,701	-	-	-	557,701
Total	$ 2,495,953	$ 1,938,252	$ -	$ -	$ 557,701

There were no significant transfers in or out of Level 1 and Level 2 fair value measurements for the years ended March 31, 2021.

The Organization uses the NAV, and ownership interest in partners' capital to which a proportionate share of net assets is attributed, to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. At March 31, 2021, the timing of liquidation of these assets and the date when restrictions from redemption might lapse are unknown

The following table provide the fair value, redemption terms, and restrictions for investments as of March 31, 2021:

	Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Dynamic asset allocation overlay				
Overlay A Portfolio Class 1 [(a)]	$ 335,743	$ -	Daily	Daily
Overlay BA Portfolio Class 1 [(b)]	221,958	-	Daily	Daily
Total	$ 557,701	$ -		

(a) The Portfolio may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide exposure to a variety of asset classes. The investment objective is to manage the volatility of an equity-oriented asset allocation over the long term, as part of the overall asset allocation managed by Bernstein.

(b) The Portfolio may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide exposure to a variety of asset classes. The investment objective is to manage the volatility of a fixed-income oriented asset allocation over the long term, as part of the overall asset allocation managed by Bernstein.

NOTE 4 – RESTRICTED DEPOSITS AND FUNDED RESERVES

Operating reserves – OCLP is required to maintain two operating reserve funds. Pursuant to the Partnership Agreement, on November 15, 2007, the General Partner funded an interest-bearing operating reserve account in the amount of $334,555. The operating reserve funds shall be maintained throughout the term of the Partnership. Any withdrawal from the operating reserve must be approved by the Limited Partner. Pursuant to the terms of the Reimbursement Agreement for Revenue Bonds 2005 Series, OCLP is required to make monthly deposits to a separate operating reserve account beginning November 15, 2007 (the date of conversion of the Permanent Financing Phase). Monthly payments are determined by the Loan Servicer based on six months of debt service coverage on the loan and shall be adjusted annually. The operating reserve account activity for the fiscal year ended March 31 is as follows:

Beginning balance at April 1, 2020	$ 934,350
Deposits	36,750
Bank interest, net of bank fees	11
Withdrawals	(723,545)
Ending balance at March 31, 2021	$ 247,566

Replacement reserves – In accordance with the HUD regulatory agreement, the respective Subsidiaries are required to maintain a reserve for replacement and repair of property and equipment. The reserves are required to be funded in the amount of $55,792 per month. Changes occur to the funded amount in conjunction with changes to the chargeable rents. The funds for Lytton I, Lytton II, Lytton IV, and JSH are held in interest-bearing accounts and can be used for replacement of property and equipment with the approval of HUD. The funds for PGA, OCLP, and BCSH are held by the mortgagor in trust in interest-bearing accounts and can be used for replacement of property and equipment with the approval of HUD. The replacement reserve account activity for the fiscal year ended March 31 is as follows:

Beginning balance at April 1, 2020	$ 10,204,618
Monthly deposits	798,994
Bank interest, net of bank fees	9,390
Withdrawals	(1,291,625)
Ending balance at March 31, 2021	$ 9,721,377

Bond reserves – Pursuant to the Reimbursement Agreement commencing on November 15, 2007, OCLP is required to make monthly payments for deposit into principal reserve and escrow accounts to pay for issuer fees, trustee fees, remarketing fees, and the loan servicing fees. These accounts are maintained in accounts held by the Trustee and the Loan Servicer until the fees are paid. As of March 31, 2021, OCLP had a balance of $23,992 in the bond reserve account.

Insurance and tax reserves – OCLP is required to maintain two insurance reserve accounts and a tax reserve account. Pursuant to the Partnership Agreement on November 15, 2007, OCT funded an interest-bearing insurance reserve account in the amount of $40,000. The insurance reserve shall be maintained throughout the term OCLP. Upon termination and winding up of the Partnership, amounts in the insurance reserve shall be utilized as approved by the Limited Partner. Pursuant to the terms of the Reimbursement Agreement for the Revenue Bonds 2005 Series, OCLP is required to make monthly deposits to a separate insurance reserve account beginning November 15, 2007 (the date of conversion of the Permanent Financing Phase). As of March 31, 2021, OCLP had a balance of $103,055 in the insurance and tax reserves account.

Restabilization reserves – Pursuant to the Reimbursement Agreement on November 15, 2007, OCLP funded an interest-bearing restabilization reserve account in the amount of $133,298 in order to mitigate the risk associated with termination or delay in renewal or funding of the Housing Assistance Payments (the “HAP”) Program Contract and to act as a debt service reserve fund. Any disbursement from this account must have prior approval from the lender. As of March 31, 2021, OCLP had a balance of $135,324 in the restabilization reserve account.

Residual receipts – The respective Affordable Subsidiaries are required to deposit surplus cash within 90 days after year end in a separate, interest-bearing account. The funds can be used for the operating or certain debt service needs of the respective Affordable Subsidiaries property with the prior written approval of HUD. The residual receipt’s account activity for the fiscal year ended March 31 is as follows:

Beginning balance at April 1, 2020	$ 416,106
Monthly deposits	52,414
Bank interest, net of bank fees	1,816
Ending balance at March 31, 2021	$ 470,336

Segregated repair reserves – In accordance with FHA Insured Loan under the provisions of Section 207, pursuant to Section 223(f) of the National Housing Act, PGA is required to maintain deposits in a segregated repair reserve fund. The funds are to be used for replacement and maintenance of the property. All expenditures require prior approval from HUD. The segregated repair reserve's account activity for the fiscal year ended March 31 is as follows:

Beginning balance at April 1, 2020	$	1,028,491
Deposits		-
Bank interest, net of bank fees		1,250
Ending balance at March 31, 2021	$	1,029,741

Restricted deposits – Restricted deposits consist primarily of cash, which are restricted by the donor as to use. As of March 31, 2021, PGA had a balance of $57,884 included in restricted deposits.

Restricted assets in charitable remainder unitrust – The Organization became the trustee of a charitable remainder unitrust (the "Trust") beginning in December 2009. The Trust agreement for which the Organization is the trustee requires quarterly payments to the Trust lead beneficiaries based on 10% of the net fair market value of the Trust assets, which are invested in market securities. Upon the death of the beneficiaries, 100% of the remaining Trust assets will be released, in part, to the Communities, a related party to the Organization (Note 1). The fair value of the Trust assets and liability to the Trust beneficiary has been included in the Organization's consolidated statement of financial position. As of March 31, 2021, the estimated charitable remainder of the Trust is $640,405.

Other reserves – PGA is required to make monthly impound payments to the mortgagee for mortgage insurance, property insurance, and real estate taxes to be used for those purposes. At March 31, 2021, PGA has $49,424 included in other reserves. BCSH has $92,655 at March 31, 2021, included in other reserves. Affordable Communities has amounts set aside by the Board for resident assistance or development and the chaplaincy fund included in other reserves, in the amount of $1,415,353.

NOTE 5 – MORTGAGES PAYABLE

The Organization's mortgages payable consisted of the following as of March 31, 2021:

Lytton IV Housing Corporation	
U.S. Department of Housing and Urban Development Section 202 Capital Advance, dated November 26, 1993, secured by first deed of trust on real property, bearing no interest. The advance is essentially a forgivable loan and shall only be repayable if the Project fails to remain available to very low-income households as approved by HUD through June 1, 2035.	$ 5,738,600
City of Palo Alto note, dated November 30, 1993, bearing 5% simple interest per annum beginning December 1, 1995. Payments may only be made from residual receipts with the approval of HUD. The balance of principal and interest is due at the maturity on June 1, 2035. The term is designed to coincide with the closing of the HUD Capital Advance period. At this time, the City has an option to acquire the Project in exchange for cancellation of the principal and accrued interest outstanding at that date.	459,676
Presidio Gate Apartments	
Mortgage loan payable insured by the Federal Housing Administration under the provisions of Section 207, pursuant to Section 223(f) of the National Housing Act, dated June 1, 2013, with an initial term of 35 years, secured by a first deed of trust on real property, bearing interest of 3.22% per annum. Principal and interest are payable in monthly installments of $22,563, due in full June 1, 2048.	4,917,151
Jennings Senior Housing	
U.S. Department of Housing and Urban Development Section 202 Capital Advance, dated February 1, 2007, secured by first deed of trust on the property, bearing no interest. The advance is essentially a forgivable loan and shall only be repayable if the Project fails to remain available to very low-income households as approved by HUD for a 40 year period from March 2008 through February 2048.	6,870,900
Housing Authority of the City of Santa Rosa, note, dated February 10, 2006, secured by second deed of trust on the property, bearing 3% simple interest per annum from the date of each advance beginning February 2004. Payment of principal and interest is to be made from 75% of annual "Surplus Cash," if any (as defined by the loan agreement), paid only from Residual Receipts and only with the approval of HUD. The balance of principal and accrued interest is due at maturity in February 2048. The 42-year term is designed to coincide with the closing of the HUD Capital Advance period. At this time, the City has an option to acquire the Project in exchange for cancellation of the principal and accrued interest outstanding at that date.	4,984,708
Affordable Housing Program (AHP) direct subsidy repayment to Sonoma National Bank, dated November 1, 2006, secured by third deed of trust on the property, bearing no interest. The subsidy will be forgiven in full, June 1, 2023, as long as the property has maintained affordability limits as required by the AHP Program.	216,000

Oak Center Towers	
California Statewide Communities Development Authority Variable Rate Demand Multifamily Housing Revenue Bonds 2005 Series L, dated June 1, 2005, in the original amount of $11,450,000 which was reduced to $3,820,000 on November 15, 2007. Bonds bear a variable rate of interest determined weekly by the remarketing agent, payable monthly, and mature on December 15, 2037, secured by the borrower's leasehold interest in land and ownership of improvements. The interest rate at March 31, 2021 was 0.12%	2,920,000
Bethany Center and Subsidiary	
U.S. Department of Housing and Urban Development Section 221(d)(4) mortgage loan agreement with CBRE loan services for borrowings up to $23,533,400 for the construction and rehabilitation of Bethany Center project. Note dated January 1, 2017, with an initial term of 41 years, bearing interest of 4.11% per annum. Principal and interest are due in full on October 1, 2058.	22,943,906
	49,050,941
Less current portion of mortgages payable	(376,229)
Less debt issuance costs, net of accumulated amortization	(678,790)
	$ 47,995,922

Schedule of maturities for the above mortgages payable are as follows:

Year Ending March 31,	
2022	$ 376,229
2023	390,909
2024	406,169
2025	422,031
2026	433,520
Thereafter	47,022,083
	$ 49,050,941

NOTE 6 – GROUND LEASE

On June 1, 2005, OCLP entered into a ground lease agreement with OCT. The term is for 99 years effective June 1, 2005, and terminates on May 31, 2104. The Organization has assigned the ground lease to Communities. Basic annual rent is $120,000 per year, payable solely from surplus cash. OCLP has discounted the rent payments over the life of the lease, using a discount rate of 5.51%, and recorded a right-to-use asset and a lease liability in accordance with FASB ASC Topic 842, *Leases*. As of March 31, 2021, the right-to-use asset was $2,151,722 and the lease liability was $2,151,722.

Unpaid rents shall accrue without interest until paid in full, and OCLP shall maintain certain amounts of insurance for personal injury and property damage under the lease agreement. As of March 31, 2021, ground lease payable was $835,067.

NOTE 7 – RELATED-PARTY TRANSACTIONS

Affordable Communities and its Affordable Subsidiaries (see Note 1) have common officers, directors, and management and share support services. Shared costs and expenses are allocated to the particular entities based upon management's estimates of time, square footage, numbers of full-time employees, and usage of services. During the year ended March 31, 2021, $13,047,894 of such costs and expenses were allocated in the amount of $2,517,329 to Lytton I, $1,856,017 to Lytton II, $359,104 to Lytton IV, $3,673,531 to OCT, $1,138,191 to PGA, $592,148 to JSH, $971,802 to SMC, and $1,939,772 to BCSH.

During the year ended March 31, 2021, Lytton I made cash contributions totaling $2,311,574 to Affordable Communities, which has been eliminated during consolidation.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

HUD regulations – In connection with the HUD agreements, there are certain restrictions on occupancy of the units which include maximum income limitations and maximum rents chargeable. In addition, these agreements require the maintenance of security deposits and replacement and other reserves which are to be held by the mortgagee (see Notes 1 and 4).

Employee benefit plan – The Organization has implemented a 403(b) tax deferred annuity plan (the "Plan"). Eligible employees who have satisfied the age and service requirements are allowed to make salary reduction contributions with a maximum contribution of up to the statutory limit. The Organization pays for all the administrative expenses to operate the Plan. Effective August 1, 2018, the Organization amended the Plan, terminated the employer match, and adopted a 10% employer 403(b) contribution to the employee's individual plan accounts in accordance with HUD Notice H 5-08 across all Affordable Communities projects. Employees are not required to contribute and certain age and service requirements apply. The Organization's contribution for the years ended March 31, 2021, totaled $521,522.

Low-income housing tax credits – OCT has been allocated low-income housing tax credits under Section 42 of the IRC. Provisions under Section 42 require that the project remains low-income for 15 years.

Operating deficit guaranty – Communities, as guarantor, will advance funds to OCT in an amount necessary for OCT to make the required Operating Deficit Contribution when such Operating Deficit cannot be satisfied from OCLP funds including OCLP's Operating Reserve and OCT does not have sufficient funds to make an Operating Deficit Contribution to OCLP. The advances shall be interest-free and payable out of Capital proceeds. The operating deficit period begins after the completion date and ends on the date the following have occurred: (1) the OCLP has operated at break-even for at least three consecutive calendar years following the Stabilization date of the OCLP and (2) the balance in the Operating Reserve equals or exceeds the Operating Reserve Amount. As of March 31, 2021, no advances have been made under the agreement.

City of Palo Alto repurchase rights

Lytton Gardens I – The City of Palo Alto ("Palo Alto") has the right to repurchase the Lytton I's land and building currently held by CHI for $1 in either of the following situations: (1) Lytton I's federal government insured loan is repaid; (2) 45 years have passed from the October 26, 1971, original purchase date by the Project; (3) there is a default under the original purchase agreement with the City; or (4) there is a foreclosure by the holder of any secured lien. If Palo Alto gains the right to repurchase but fails to exercise that right within one year, then Lytton I must pay Palo Alto a forbearance fee of $300,000, payable of at least $100,000 per year over three years.

In October 2015, Lytton I's federal government insured loan was paid in full as 45 years had passed since the original purchase date, triggering the repurchase rights for Palo Alto. In May 2016, approval was granted by HUD to pay the forbearance fee from operating cash. As of April 2017, Lytton I is negotiating terms of a new regulatory agreement that will maintain affordability restrictions and be subordinate to any refinancing or tax credit syndication undertaken by Lytton I. Palo Alto has extended their period to exercise their option to repurchase. Lytton I recognized the expense and reserved the forbearance fee for payment at an agreed time with Palo Alto during 2017. As of March 31, 2021, there is $300,000 included in accounts payable for the forbearance fee.

Lytton Gardens II – Palo Alto has the right to repurchase Lytton II's land and building currently held by CHI for $1 in either of the following situations: (1) Lytton II's federal government insured loan is repaid in May 2019; (2) 45 years has passed from the June 1974, original purchase date by Lytton II; (3) there is a default under the original purchase agreement with Palo Alto; or (4) there is a foreclosure by the holder of any secured lien. If Palo Alto gains the right to repurchase but fails to exercise that right within one year, then Lytton II must pay Palo Alto a forbearance fee of $400,000 payable of at least $100,000 per year over four years.

In May 2019, Lytton II's federal government insured loan will be paid in full and 45 years will have passed since the original purchase date, triggering the repurchase rights for Palo Alto. Lytton II is scheduling payment to Palo Alto in advance of the one-year period to exercise their option. In May 2016, approval was granted by HUD to pay the forbearance fee from operating reserve cash. As of April 2017, Lytton II is negotiating terms of a new regulatory agreement that will maintain affordability restrictions and be subordinate to any refinancing or tax credit syndication undertaken by Lytton II. Lytton II recognized the expense and reserved the forbearance fee for payment at an agreed time with Palo Alto during 2017. As of March 31, 2021, there is $400,000 included in accounts payable for the forbearance fee.

Lytton IV Housing Corporation – Upon expiration of the 40-year term of the HUD regulatory agreement, dated December 1, 1993, Palo Alto may, at their sole option, require Lytton IV to transfer ownership of its project (all improvements and land) to Palo Alto. Palo Alto must exercise said option within six months of the termination of the HUD regulatory agreement. In consideration of the exercise of said option, Palo Alto shall cancel any remaining balance then owing by Lytton IV on the note with Palo Alto.

NOTE 9 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of March 31, 2021 , comprise the following:

Cash and cash equivalents	$ 18,578,222
Accounts receivable	1,582,664
Investments	1,855,548
	$ 22,016,434

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain a current ratio greater than 1:1 in order to meet general expenditures, liabilities, and other obligations as they come due.

NOTE 10 – FUNCTIONAL EXPENSES

The costs of providing residential services and supporting activities are summarized on a functional basis as follows:

	Year Ended March 31, 2021				
	Residential Services	Assisted Living & Other Services	Fundraising	General and Administrative	Total
Salaries and benefits	$ 3,543,505	$ 828,390	$ 174,002	$ 2,606,189	$ 7,152,086
Supplies	141,522	126,341	2,314	55,517	325,694
Other purchased services	261,646	292,768	34,920	605,493	1,194,827
Repairs and maintenance	1,396,825	41,077	-	155,054	1,592,956
Utilities	1,855,075	88,435	-	227,859	2,171,369
Depreciation and amortization	3,095,193	138,748	-	378,538	3,612,479
Interest	-	-	-	1,034,848	1,034,848
Other	1,805,185	36,542	14,632	962,749	2,819,108
	$ 12,098,951	$ 1,552,301	$ 225,868	$ 6,026,247	$ 19,903,367

Salaries and benefits are allocated based on time and effort. All other expenses are allocated based on direct costs. Costs not directly attributable to a function, including depreciation, interest and other occupancy costs, are allocated to a function based on a square footage or units of service basis.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are available to be issued. The Organization recognizes, in the consolidated financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements were available to be issued.

On June 1, 2020, the Board of Directors for Front Porch, Covia Communities and Covia Group voted to affiliate. The affiliation was approved and completed on April 1, 2021.

The Organization has evaluated subsequent events through July 21, 2021, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Covia Affordable Communities and Subsidiaries
Consolidating Statement of Financial Position
March 31, 2021

	Lytton Gardens I	Lytton Gardens II	Lytton IV Housing Corporation	Presidio Gates Apartments	Jennings Senior Housing	Oak Center Towers	Shires Memorial Center	Bethany Center and Subsidiary	Covia Affordable Communities	Total	Eliminations	Consolidated Covia Affordable Communities
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	$ 2,397,957	$ 1,002,331	$ 27,903	$ 139,682	$ 14,515	$ 329,199	$ 776,953	$ 2,805,748	$ 8,621,453	$ 16,115,741	$ -	$ 16,115,741
Cash and cash equivalents - restricted	-	-	-	-	-	82,513	-	-	-	82,513	-	82,513
Cash and cash equivalents - investments	-	-	-	-	-	2,462,481	-	-	-	2,462,481	-	2,462,481
Investments	-	-	-	-	-	-	-	1,855,548	-	1,855,548	-	1,855,548
Accounts receivable	9,912	12,614	6,875	312	6,737	775,092	19,419	7,914	743,789	1,582,664	-	1,582,664
Accounts receivable - affiliated organization	-	-	-	-	-	-	-	-	1,582,497	1,582,497	(1,582,497)	-
Prepaid expenses and other assets	102,978	69,468	27,420	43,763	35,112	548,868	111,704	108,145	15,260	1,062,718	-	1,062,718
Total current assets	2,510,847	1,084,413	62,198	183,757	56,364	4,198,153	908,076	4,777,355	10,962,999	24,744,162	(1,582,497)	23,161,665
TENANT SECURITY DEPOSITS	60,698	32,894	14,914	18,051	21,737	51,536	101,605	49,526	-	350,961	-	350,961
RESTRICTED DEPOSITS AND FUNDED RESERVES												
Operating reserves	-	-	-	-	-	247,566	-	-	-	247,566	-	247,566
Replacement reserves	5,543,638	1,204,376	257,731	386,673	345,208	119,956	502,570	1,361,225	-	9,721,377	-	9,721,377
Bond reserves	-	-	-	-	-	23,992	-	-	-	23,992	-	23,992
Insurance and tax impounds	-	-	-	-	-	103,055	-	-	-	103,055	-	103,055
Restabilization reserves	-	-	-	-	-	135,324	-	-	-	135,324	-	135,324
Residual receipts	142,747	21,281	-	306,308	-	-	-	-	-	470,336	-	470,336
Segregated repair reserves	-	-	-	1,029,741	-	-	-	-	-	1,029,741	-	1,029,741
Restricted deposits	-	-	-	57,884	-	-	-	-	-	57,884	-	57,884
Restricted asset for remainder trust	-	-	-	-	-	-	-	-	640,405	640,405	-	640,405
Other reserves	-	-	-	49,424		-	-	92,655	1,415,353	1,557,432	-	1,557,432
Total restricted deposits and funded reserves	5,686,385	1,225,657	257,731	1,830,030	345,208	629,893	502,570	1,453,880	2,055,758	13,987,112	-	13,987,112
RIGHT-OF-USE ASSET, NET	-	-	-	-	-	2,037,989	-	-	-	2,037,989	-	2,037,989
PROPERTY AND EQUIPMENT												
Land and land improvements	511,181	564,827	1,653,440	509,575	1,565,624	445,115	3,789,081	6,600,774	-	15,639,617	-	15,639,617
Buildings and building improvements	13,915,249	5,848,881	6,170,365	5,734,522	10,886,334	17,007,494	833,350	18,334,730	-	78,730,925	-	78,730,925
Furniture and fixtures	123,037	117,420	64,770	31,926	155,147	1,002,461	52,019	400,744	-	1,947,524	-	1,947,524
Office and other equipment	669,438	277,754	29,029	290,062	74,616	24,936	-	198,745	38,904	1,603,484	-	1,603,484
Motor vehicles	163,418	-	-	54,054	-	33,525	-	-	-	250,997	-	250,997
Construction in progress	-	-	36,897	486,734	16,227	2,637,935	124,993	168,327	-	3,471,113	-	3,471,113
	15,382,323	6,808,882	7,954,501	7,106,873	12,697,948	21,151,466	4,799,443	25,703,320	38,904	101,643,660	-	101,643,660
Accumulated depreciation	(11,511,043)	(4,535,394)	(4,082,794)	(5,058,751)	(4,142,604)	(9,800,628)	(847,448)	(1,381,249)	(13,868)	(41,373,779)	-	(41,373,779)
Total property and equipment, net	3,871,280	2,273,488	3,871,707	2,048,122	8,555,344	11,350,838	3,951,995	24,322,071	25,036	60,269,881	-	60,269,881
OTHER ASSETS												
Development costs	2,526,048	544,381	69,752	372,062	19,556	174,152	41,741	-	226,594	3,974,286	-	3,974,286
Total other assets	2,526,048	544,381	69,752	372,062	19,556	174,152	41,741	-	226,594	3,974,286	-	3,974,286
TOTAL ASSETS	$ 14,655,258	$ 5,160,833	$ 4,276,302	$ 4,452,022	$ 8,998,209	$ 18,442,561	$ 5,505,987	$ 30,602,832	$ 13,270,387	$ 105,364,391	$ (1,582,497)	$ 103,781,894

LIABILITIES AND NET ASSETS	Lytton Gardens I	Lytton Gardens II	Lytton IV Housing Corporation	Presidio Gates Apartments	Jennings Senior Housing	Oak Center Towers	Shires Memorial Center	Bethany Center and Subsidiary	Covia Affordable Communities	Total	Eliminations	Consolidated Covia Affordable Communities
CURRENT LIABILITIES												
Accounts payable	$ 342,522	$ 415,313	$ 152,963	$ 2,979	$ 687	$ 507,641	$ 7,950	$ 27,913	$ 291,497	$ 1,749,465	$ -	$ 1,749,465
Accounts payable - affiliated organizations	190,843	248,620	54,783	81,046	86,529	572,290	122,414	246,893	449,441	2,052,859	(1,582,497)	470,362
Accrued expenses	80,526	116,343	20,373	41,324	3,692	43,871	-	190,058	456,016	952,203	-	952,203
Current portion of mortgages payable	-	-	-	114,096	-	-	-	262,133	-	376,229	-	376,229
Lease liability - current portion	-	-	-	-	-	113,733	-	-	-	113,733	-	113,733
Other accrued liabilities	-	1,977	-	-	6,524	-	25,570	2,614	-	36,685	-	36,685
Accrued interest	-	-	-	13,194	-	-	-	-	-	13,194	-	13,194
Total current liabilities	613,891	782,253	228,119	252,639	97,432	1,237,535	155,934	729,611	1,196,954	5,294,368	(1,582,497)	3,711,871
TENANT SECURITY DEPOSITS	60,698	32,894	14,914	18,051	21,737	51,536	101,605	49,526	-	350,961	-	350,961
LONG-TERM LIABILITIES												
Mortgages payable, net of current portion	-	-	6,198,276	4,566,778	12,071,608	2,649,177	-	22,510,083	-	47,995,922	-	47,995,922
Accrued interest	-	-	-	-	2,280,343	-	-	-	-	2,280,343	-	2,280,343
Ground lease payable	-	-	-	-	-	835,067	-	-	-	835,067	-	835,067
Lease liability, net	-	-	-	-	-	2,037,989	-	-	-	2,037,989	-	2,037,989
Liability under charitable remainder unitrust	-	-	-	-	-	-	-	-	640,405	640,405	-	640,405
Total long-term liabilities, net of current portion	-	-	6,198,276	4,566,778	14,351,951	5,522,233	-	22,510,083	640,405	53,789,726	-	53,789,726
Total liabilities	674,589	815,147	6,441,309	4,837,468	14,471,120	6,811,304	257,539	23,289,220	1,837,359	59,435,055	(1,582,497)	57,852,558
NET ASSETS												
Net assets without donor restrictions												
Designated by the Board:												
Restricted deposits and funded reserves	5,686,385	1,225,657	257,731	692,981	345,208	629,893	-	1,453,880	2,055,758	12,347,493	-	12,347,493
Undesignated	8,294,284	3,120,029	(2,422,738)	(1,136,286)	(5,818,119)	9,456,030	5,248,448	5,859,732	9,377,270	31,978,650	-	31,978,650
Noncontrolling interest in OCLP	-	-	-	-	-	1,463,849	-	-	-	1,463,849	-	1,463,849
Total net assets without donor restrictions	13,980,669	4,345,686	(2,165,007)	(443,305)	(5,472,911)	11,549,772	5,248,448	7,313,612	11,433,028	45,789,992	-	45,789,992
Net assets with donor restrictions	-	-	-	57,859	-	81,485	-	-	-	139,344	-	139,344
Total net assets	13,980,669	4,345,686	(2,165,007)	(385,446)	(5,472,911)	11,631,257	5,248,448	7,313,612	11,433,028	45,929,336	-	45,929,336
TOTAL LIABILITIES AND NET ASSETS	$ 14,655,258	$ 5,160,833	$ 4,276,302	$ 4,452,022	$ 8,998,209	$ 18,442,561	$ 5,505,987	$ 30,602,832	$ 13,270,387	$ 105,364,391	$ (1,582,497)	$ 103,781,894

Covia Affordable Communities and Subsidiaries
Consolidating Statement of Activities and Changes in Net Assets
Year Ended March 31, 2021

	Lytton Gardens I	Lytton Gardens II	Lytton IV Housing Corporation	Presidio Gate Apartments	Jennings Senior Housing	Oak Center Towers	Shires Memorial Center	Bethany Center and Subsidiary	Covia Affordable Communities	Total	Eliminations	Consolidated Covia Affordable Communities
CHANGES IN NET ASSETS												
WITHOUT DONOR RESCRICTIONS												
Revenues and support												
Residential rental revenue, net												
of vacancy loss of $634,300	$ 5,600,831	$ 2,611,125	$ 379,560	$ 1,334,226	$ 527,723	$ 3,970,372	$ 1,326,437	$ 4,376,280	$ -	$ 20,126,554	$ -	$ 20,126,554
Contract Services Revenue	-	-	-	-	-	-	-	-	2,908,110	2,908,110	(723,145)	2,184,965
Management fees - affiliated	-	-	-	-	-	-	-	-	1,046,414	1,046,414	(1,046,414)	-
Grant and contributions income	-	-	-	-	-	-	-	6,152	-	6,152	-	6,152
Food and social services	15,198	770,374	-	-	-	-	-	-	-	785,572	-	785,572
Investment return, net	3,732	814	142	2,869	1,370	-	357	682,224	393	691,901	-	691,901
Interest reduction payment revenue, net	-	-	-	-	-	35,525	-	-	-	35,525	-	35,525
Laundry and tenant charges	3,903	-	1,400	3,430	7,776	1,536	5,276	6,748	-	30,069	-	30,069
Miscellaneous income	77,035	5,122	568	25,330	-	16,520	29,198	20,208	100,187	274,168	-	274,168
Total revenues and support	5,700,699	3,387,435	381,670	1,365,855	536,869	4,023,953	1,361,268	5,091,612	4,055,104	25,904,465	(1,769,559)	24,134,906
Total revenues, support and net assets released from restriction	5,700,699	3,387,435	381,670	1,365,855	536,869	4,023,953	1,361,268	5,091,612	4,055,104	25,904,465	(1,769,559)	24,134,906
Expenses												
Food service and other	164,614	1,235,176	-	-	-	-	500	-	4,963	1,405,253	-	1,405,253
Utilities	408,720	154,259	40,482	92,461	58,788	-	271,087	427,913	45,282	1,498,992	-	1,498,992
Operating and maintenance	595,089	284,199	123,605	141,952	118,326	1,327,597	310,263	1,026,403	-	3,927,434	-	3,927,434
Taxes and insurance	175,328	127,931	40,841	155,567	55,707	-	103,846	188,519	254,896	1,102,635	-	1,102,635
Interest	-	-	-	168,616	147,842	94,347	-	1,034,848	-	1,445,653	-	1,445,653
Rental expenses	-	-	-	-	-	354,606	-	-	-	354,606	-	354,606
Depreciation and amortization	799,805	308,328	212,617	265,414	329,577	779,902	268,733	634,235	13,868	3,612,479	-	3,612,479
Miscellaneous expense	-	-	-	-	-	294,194	-	-	-	294,194	-	294,194
Supporting services												
Administrative	928,123	408,947	203,446	459,531	242,649	784,437	438,056	718,170	3,848,321	8,031,680	(1,769,559)	6,262,121
Total expenses	3,071,679	2,518,840	620,991	1,283,541	952,889	3,635,083	1,392,485	4,030,088	4,167,330	21,672,926	(1,769,559)	19,903,367
INCOME (LOSS) BEFORE CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,629,020	868,595	(239,321)	82,314	(416,020)	388,870	(31,217)	1,061,524	(112,226)	4,231,539	-	4,231,539
Transfer	(2,311,574)	-	-	-	-	-	-	-	2,311,574	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESCRICTIONS	317,446	868,595	(239,321)	82,314	(416,020)	388,870	(31,217)	1,061,524	2,199,348	4,231,539	-	4,231,539
CHANGE IN NET ASSETS	317,446	868,595	(239,321)	82,314	(416,020)	388,870	(31,217)	1,061,524	2,199,348	4,231,539	-	4,231,539
NET ASSETS, beginning of year	13,663,223	3,477,091	(1,925,686)	(467,760)	(5,056,891)	11,242,387	5,279,665	6,252,088	9,233,680	41,697,797	-	41,697,797
NET ASSETS, end of year	$ 13,980,669	$ 4,345,686	$ (2,165,007)	$ (385,446)	$ (5,472,911)	$ 11,631,257	$ 5,248,448	$ 7,313,612	$ 11,433,028	$ 45,929,336	$ -	$ 45,929,336