HOME FORWARD

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

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HOME FORWARD
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YEAR ENDED DECEMBER 31, 2019

BOARD OF COMMISSIONERS

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Vivian Satterfield Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204

ADMINISTRATIVE OFFICER

Michael Buonocore Executive Director and Secretary/Treasurer	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204

GENERAL COUNSEL

Sarah Stauffer Curtiss	Stoel Rives, LLP 900 S.W. Fifth Avenue, Suite 2600 Portland, Oregon 97204

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Home Forward
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments only to conform the presentation of the financial statements of the discretely presented components units to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, prior to these conversion adjustments, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audits of the discretely presented component units were not performed in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Home Forward as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, Home Forward has elected to change its method of accounting for discretely presented component unit purchases of capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 5 – 11 and schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in net OPEB asset and related ratios, schedule of OPEB contributions, and schedule of changes in total OPEB liability and related ratios (pages 68 – 70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Home Forward's basic financial statements. The combining schedule of net position – Affordable Housing, combining schedule of revenues, expenses, and changes in net position – Affordable Housing, combining schedule of net position – Special Needs Housing, and combining schedule of revenues, expenses, and changes in net position – Special Needs Housing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic 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 December 15, 2020, on our consideration of Home Forward's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Home Forward's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Forward's internal control over financial reporting and compliance.

Christian J. Rogers
CliftonLarsonAllen LLP

Portland, Oregon
December 15, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

This section includes a Management's Discussion and Analysis of the Home Forward's financial performance during the period of January 1, 2019 to December 31, 2019. Please read it in conjunction with Home Forward's basic financial statements that follow this section.

Home Forward is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of Home Forward. Agency-wide statements report information about Home Forward as a whole using accounting methods similar to those used by private sector companies. While detailed sub-fund information is not presented, separate accounts are maintained for each program to control and manage money for particular purposes or to demonstrate that Home Forward is properly using specific appropriations and grants. The financial statements also include a "Notes to Financial Statements" section that explains the information in the basic financial statements and provides more detailed data. The Notes to Financial Statements are followed by a "Supplementary Information" section, which presents the required supplementary information and other financial schedules of Home Forward's operating units and its individual properties.

As required by the Governmental Accounting Standards Board (GASB) Statement No. 61, the basic financial statements include its blended component units - Home Forward Development Enterprises, St. Francis LLC, and Gateway Park Limited Partnership and its 18 discretely presented component units. These discretely presented component units represent multi-family properties structured as limited partnerships, which have Home Forward as the general partner with minimal ownership interest. The statement of net position includes all of Home Forward's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position, regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Significant Developments

Section 18 and Rental Assistance Demonstration – In June 2019, Home Forward converted nine additional public housing properties consisting of 315 units under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) programs. Upon conversion, the properties were issued vouchers and ceased to operate as a public housing property.

The Louisa Flowers – In November 2019, Home Forward opened the Louisa Flowers, the largest affordable building developed in Portland or Multnomah County in the last 50 years. The 12-story, 240-unit property is structured as a limited partnership utilizing the low income housing tax credit (LIHTC) program.

Financial Highlights

Home Forward's Statement of Net Position reflects growth in net position during the period of January 1, 2019 to December 31, 2019. Specifically:

- Total assets and deferred outflows of resources increased $62.0 million from $567.4 million at January 1, 2019 to $629.4 million at December 31, 2019, primarily due to the increase in notes and accrued interest and notes receivable - partnerships.

- Total liabilities and deferred inflows of resources increased $32.2 million from $260.2 million at January 1, 2019 to $292.4 million at December 31, 2019, mainly due to an increase in bonds payable – partnerships.

- Total operating revenues for the period January 1, 2019 to December 31, 2019 were $189.3 million. Total operating expenses were $169.5 million, including $8.3 million in depreciation expense. Operating results for this period was operating income of $19.8 million. Nonoperating revenues (expenses) netted to $9.7 million during the period, primarily due gain on sale of capital assets. Overall, net position increased $29.7 million.

Condensed Statement of Net Position

The following tables show a summary of net position by type at December 31:

(In Thousands of Dollars)	2019	2018	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	$ 131,262	$ 93,478	$ 37,784
Noncurrent Assets	356,634	328,371	28,263
Capital Assets	134,769	138,379	(3,610)
Total Assets	622,665	560,228	62,437
Deferred Outflows of Resources	6,696	7,167	(471)
Total Assets and Deferred Outflows of Resources	$ 629,361	$ 567,395	$ 61,966
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 62,723	$ 19,110	$ 43,613
Noncurrent Liabilities	226,832	237,715	(10,883)
Total Liabilities	289,555	256,825	32,730
Deferred Inflows of Resources	2,882	3,374	(492)
Total Liabilities before Deferred Outflows of Resources	292,437	260,199	32,238
Net Position			
Net Investment in Capital Assets	34,462	40,296	(5,834)
Restricted	31,645	14,578	17,067
Unrestricted	270,817	252,322	18,495
Total Net Position	336,924	307,196	29,728
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 629,361	$ 567,395	$ 61,966

Year-End Financial Position

Current assets increased $37.8 million during the period ending December 31, 2019. This increase was, namely, due to the increase in the current portion of notes receivable - partnerships.

Noncurrent assets (other than capital assets) increased by $28.2 million. Notes and accrued interest receivable along with Notes receivable – partnerships changed by $25.9 million. These increases related to the public housing properties that converted to tax credits under the Section 18, RAD and LIHTC programs.

Capital assets decreased $3.6 million mainly driven by the public housing properties that converted under the Section 18 and RAD programs during the fiscal period.

Current liabilities increased $43.6 million during the year, mainly due to the $38.3 million change in current portion – bonds payable partnerships and a $5.8 million increase in unearned revenue associated with land lease prepayments.

Noncurrent liabilities decreased by $10.9 million. This decrease is, primarily, driven by the recognition of the current portion of bonds payable – partnerships and offset by an increase in notes payable – long term and net pension liability.

Net position at December 31, 2019 was $336.9 million, an increase of $29.7 million from the balance at December 31, 2018.

Capital Assets

At December 31, 2019, Home Forward had $134.8 million of capital assets, a decrease of $3.6 million since December 31, 2018. More detailed information about Home Forward's capital assets is presented in Note 8 to the financial statements.

(In Thousands of Dollars)	2019	2018	Increase (Decrease)
Land	$ 30,465	$ 30,014	$ 451
Construction in Progress	4,787	6,188	(1,401)
Total Capital Assets Not Being Depreciated	35,252	36,202	(950)
Buildings and Improvements	204,711	206,916	(2,205)
Equipment	12,377	13,912	(1,535)
Accumulated Depreciation	(117,571)	(118,651)	1,080
Total Capital Assets Being Depreciated	99,517	102,177	(2,660)
Total Capital Assets, Net	$ 134,769	$ 138,379	$ (3,610)

Notes and Bonds Payable

At December 31, 2019, Home Forward had $102.7 million of notes and bonds payable outstanding (excluding bonds payable–partnerships), an increase of $2.3 million over the prior year. More detailed information about Home Forward's capital debt is presented in Notes 11 and 12 to the financial statements.

(In Thousands of Dollars)	2019	2018	Increase (Decrease)
Current Portion of Notes and Bonds Payable	$ 3,441	$ 3,205	$ 236
Notes Payable - Long Term	72,625	68,937	3,688
Bonds Payable - Long Term	26,640	28,310	(1,670)
Total Notes and Bonds Payable	$ 102,706	$ 100,452	$ 2,254

There were no changes in Home Forward's credit rating during the year.

Results of Operations – 2019

Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars)	2019
Operating Revenues	
Rental Revenue	$ 23,071
HUD Subsidies and Grants	133,354
Development Fee Revenue	16,084
State, Local, and Other Grants	11,722
Other	5,042
Total Operating Revenues	189,273
Operating Expenses	
Housing Assistance Payments	107,429
Administration	16,904
Tenant Services	7,731
Program Expenses	11,700
Utilities	5,001
Maintenance	9,520
Depreciation	8,275
Other	2,919
Total Operating Expenses	169,479
Operating Income	19,794
Nonoperating Revenues (Expenses)	
Investment Income	3,647
Interest Expense	(3,205)
Financing Costs	(155)
Loss on Sale of Capital Assets	(1,207)
Gain on Sale of Capital Assets	13,083
Other Contributions Made	(2,489)
Total Nonoperating Revenues	9,674
Income before Capital Contributions	29,468
Capital Contributions	
HUD Nonoperating Contributions	245
Other Nonoperating Contributions	14
Total Capital Contributions	259
Increase in Net Position	29,727
Net Position - Beginning of Year	307,196
Net Position - End of Year	$ 336,923

Results of Operations - 2018

Please note, in 2018, Home Forward changed its fiscal year from a March 31 year-end to a December 31 year-end. As such, this section includes Home Forward's results of operations during the nine-month period of April 1, 2018 to December 31, 2018. A year to year comparison is not available due to this change.

Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars)	April 1 to December 31, 2018
Operating Revenues	
Rental Revenue	$ 17,394
HUD Subsidies and Grants	91,807
Development Fee Revenue	983
State, Local, and Other Grants	8,713
Other	3,055
Total Operating Revenues	121,952
Operating Expenses	
Housing Assistance Payments	78,493
Administration	13,780
Tenant Services	3,252
Program Expenses	8,812
Utilities	3,823
Maintenance	10,314
Depreciation	6,683
Other	1,129
Total Operating Expenses	126,286
Operating Loss	(4,334)
Nonoperating Revenues (Expenses)	
Investment Income	2,119
Interest Expense	(2,291)
Investment in Partnership Valuation Charge	(21)
Financing Costs	(2)
Loss on Sale of Capital Assets	(287)
Gain on Sale of Capital Assets	7
Other Contributions Made	36,822
Total Nonoperating Revenues	36,347
Income before Capital Contributions	32,013
Capital Contributions	
HUD Nonoperating Contributions	195
Other Nonoperating Contributions	(703)
Total Capital Contributions	(508)
Increase in Net Position	31,505
Net Position - Beginning of Year	275,691
Net Position - End of Year	$ 307,196

ECONOMIC FACTORS

Significant economic factors affecting Home Forward are as follows:

RAD/Section 18

Home Forward anticipates continuing to convert its remaining public housing properties under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) programs. Under these programs, the public housing units will convert into project based voucher funded units and will utilize the low income housing tax credit program with Home Forward as the general partner. The next conversion is scheduled to take place in March 2021.

COVID-19

On Sunday, March 8, 2020, Oregon Governor Kate Brown declared a state of emergency in response to the coronavirus known as COVID-19. This state of emergency included limiting the amount of people that could gather and the closing of schools and certain businesses. In addition to the health impacts of COVID-19, the economic impact will be significant.

As part of the federal response to this crisis, Congress approved and the President signed, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This Act (and its subsequent amendments) includes expanded unemployment benefits, payroll tax adjustments, small business loans, corporate assistance and increased funding for several key federal departments, including the Department of Housing and Urban Development (HUD). HUD will receive an additional $2.4 billion and will provide organizations like Home Forward with funding to cover the additional costs incurred in order to prepare, prevent, and respond to COVID-19 as a supplement to traditional program funding.

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CONTACT INFORMATION

This annual financial report is designed to provide Oregon citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of Home Forward's finances, and to demonstrate Home Forward's accountability for the appropriations and grants that it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204 or emailed to info@homeforward.org.

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HOME FORWARD
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Home Forward	Discretely Presented Component Units
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 52,262,618	$ 13,844,063
Cash and Cash Equivalents - Restricted	32,111,800	23,268,031
Investments - Unrestricted	281,929	-
Accounts Receivable, Net	4,737,845	420,993
Due from Partnerships, Net	1,710,970	-
Prepaid Expenses	1,022,776	6,349,336
Current Portion of Notes Receivable - Partnerships, Net	39,134,257	-
Total Current Assets	131,262,195	43,882,423
NONCURRENT ASSETS		
Investments - Restricted	983,630	-
Notes and Accrued Interest Receivable	233,749,330	-
Notes Receivable - Partnerships, Net	95,645,640	-
Other Assets	-	5,945,594
Investments in Partnerships	25,970,108	-
Net OPEB Asset - RHIA	284,501	-
Capital Assets not being Depreciated	35,252,544	75,900,032
Capital Assets being Depreciated, Net	99,516,927	381,678,799
Total Noncurrent Assets	491,402,680	463,524,425
Total Assets	622,664,875	507,406,848
DEFERRED OUTFLOWS OF RESOURCES		
Related to Derivative Instruments	511,954	-
Pension Related	6,117,483	-
OPEB RHIA Related	66,900	-
Total Deferred Outflows of Resources	6,696,337	-
Total Assets and Deferred Outflows of Resources	$ 629,361,212	$ 507,406,848

See accompanying Notes to Financial Statements.

HOME FORWARD
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019

LIABILITIES AND NET POSITION	Home Forward	Discretely Presented Component Units
CURRENT LIABILITIES		
Accounts Payable	$ 3,631,110	$ 11,710,254
Accrued Interest Payable, Payable from Restricted Assets	513,416	-
Other Accrued Liabilities	2,751,747	20,986,023
Unearned Revenue	9,940,387	371,159
Deposits, Payable from Restricted Assets	3,311,531	713,831
Current Portion of Notes Payable	1,782,760	1,169,418
Current Portion of Bonds Payable	1,657,921	-
Current Portion of Bonds Payable - Partnerships	39,134,257	-
Total Current Liabilities	62,723,129	34,950,685
NONCURRENT LIABILITIES		
Notes Payable - Long Term	72,625,046	388,222,582
Bonds Payable - Long Term	26,640,133	-
Bonds Payable - Partnerships	95,645,640	-
Accrued Interest - Long Term	5,747,475	10,956,881
Net Pension Liability	24,774,611	-
Total OPEB Liability - HBRP	887,379	-
Derivative Instruments	511,954	-
Total Noncurrent Liabilities	226,832,238	399,179,463
Total Liabilities	289,555,367	434,130,148
DEFERRED INFLOWS OF RESOURCES		
Pension Related	2,182,816	-
OPEB RHIA Related	60,690	-
OPEB HBRP Related	638,455	-
Total Deferred Inflows of Resources	2,881,961	-
Total Liabilities and Deferred Inflows of Resources	292,437,328	434,130,148
NET POSITION		
Net Investment in Capital Assets	34,461,457	68,186,831
Restricted:		
Net OPEB Asset	284,501	
Real Estate Sale Proceeds	11,269,592	-
Residual Receipts	14,551	-
Funds Held in Trust	13,178,219	10,400,831
Unused PILOT Funds	49,138	-
Program Reserves	2,009,121	
Total Restricted	26,805,122	10,400,831
Unrestricted	275,657,305	(5,310,962)
Total Net Position	336,923,884	73,276,700
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 629,361,212	$ 507,406,848

See accompanying Notes to Financial Statements.

HOME FORWARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

	Home Forward	Discretely Presented Component Units
OPERATING REVENUES		
Dwelling Rental	$ 20,496,231	$ 27,851,430
Nondwelling Rental	2,574,387	252,968
HUD Operating Subsidies	121,832,434	1,315,154
HUD Grants	11,521,534	-
Development Fee Revenue	16,084,086	-
State, Local, and Other Grants	11,722,419	-
Other	5,042,299	1,796,428
Total Operating Revenues	189,273,390	31,215,980
OPERATING EXPENSES		
Housing Assistance Payments	107,429,512	10,066
Administration	16,904,352	5,525,407
Tenant Services	7,730,833	4,519,147
Program Expense	11,699,934	1,850,861
Utilities	5,000,901	4,323,726
Maintenance	9,519,517	7,526,261
Depreciation	8,274,641	16,703,447
General and Other	2,919,062	2,226,114
Total Operating Expenses	169,478,752	42,685,029
OPERATING INCOME (LOSS)	19,794,638	(11,469,049)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	3,647,004	362,984
Interest Expense	(3,204,813)	(6,063,565)
Financing Costs	(155,449)	-
Loss on Disposal of Capital Assets	(1,206,509)	(198,254)
Gain on Sale of Capital Assets	13,083,142	-
Other Expense	(2,488,964)	-
Total Nonoperating Revenues (Expenses), Net	9,674,411	(5,898,835)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	29,469,049	(17,367,884)
CAPITAL CONTRIBUTIONS		
HUD Nonoperating Contributions	244,343	-
Partner Contributions	14,428	10,730,486
Total Capital Contributions	258,771	10,730,486
INCREASE (DECREASE) IN NET POSITION	29,727,820	(6,637,398)
Net Position - Beginning of Year, As Restated	307,196,064	79,914,098
NET POSITION - END OF YEAR	$ 336,923,884	$ 73,276,700

See accompanying Notes to Financial Statements.

HOME FORWARD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	Home Forward
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from HUD Grants	$ 135,162,430
Receipts from State, Local, and Other Grants	11,826,056
Receipts from Tenants and Landlords	27,162,397
Receipts from Developer Fees	1,368,292
Receipts from Others	4,581,031
Receipt of Cash Restricted for Deposits Payable	253,103
Payments to Landlords	(107,429,512)
Payments to and on Behalf of Employees	(26,697,980)
Payments to Vendors, Contractors, and Others	(23,608,223)
Net Cash Provided by Operating Activities	22,617,594
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Line of Credit	11,853,196
Payments on Line of Credit	(13,346,415)
Net Cash Used by Noncapital Financing Activities	(1,493,219)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Line of Credit	27,750,000
Payments on Line of Credit	(27,750,000)
Proceeds from Issuance of Notes Payable	5,824,965
Proceeds from Issuance of Bonds Payable - Partnerships	28,358,930
Interest Paid on Notes and Bonds Payable	(2,927,942)
Principal Payments on Notes Payable	(1,950,603)
Principal Payments and Amortization of Premium and Discount on Bonds Payable	(1,620,841)
Principal Payments on Bonds Payable - Partnerships	(6,467,535)
HUD Capital Contributions	43,944
Other Nonoperating Contributions, Net	(2,474,536)
Acquisition and Construction of Capital Assets	(13,125,053)
Proceeds from the Sale of Capital Assets	6,215,629
Net Cash Provided by Capital and Related Financing Activities	11,876,958
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(32,099)
Financing Fees Paid	(152,451)
Issuance of Notes Receivable	(50,684,987)
Issuance of Notes Receivable - Partnerships	(14,284,869)
Collections on Notes Receivable	21,994,139
Collections on Notes Receivable - Partnerships	6,511,470
Change in Due from Partnerships, Net	2,038,971
Change in Investments in Partnerships, Net	(2,180,215)
Investment Income Received	4,698,627
Net Cash Used by Investing Activities	(32,091,414)
NET INCREASE IN CASH AND CASH EQUIVALENTS	909,919
Cash and Cash Equivalents - Beginning of Year	83,464,499
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 84,374,418

See accompanying Notes to Financial Statements.

HOME FORWARD
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income	$ 19,794,638
Adjustments to Reconcile Operating Income to Cash Flows Provided by Operating Activities:	
Depreciation	8,274,641
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts Receivable, Net	(304,922)
Developer Fee Receivable	(14,715,794)
Prepaid Expenses	(81,760)
Accounts Payable	329,134
Other Accrued Liabilities	185,689
Unearned Revenue	5,789,440
Deposits, Payable from Restricted Assets	253,103
Deferred Outflows of Resources - Pensions	445,786
Deferred Outflows of Resources - OPEB	(35,128)
Deferred Inflows of Resources - Pensions	(429,486)
Deferred Inflows of Resources - OPEB	(62,723)
Net Pension Liability	3,317,843
Net OPEB Asset and Net OPEB Liability	(142,867)
Net Cash Provided by Operating Activities	$ 22,617,594
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS	
Notes Receivable Acquired in Exchange for Properties	$ 14,117,995
Change in Investment in Partnerships	2,180,215
Total Noncash Transactions	$ 16,298,210

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Federal Housing Act of 1937 authorized public housing authorities. Utilizing the 1937 Federal Housing Act, the Portland City Council established the Housing Authority of Portland as a municipal corporation under the Oregon Revised Statutes in December 1941. On May 18, 2011, Home Forward changed its legal name from Housing Authority of Portland to Home Forward. Housing Authority of Portland is a now a registered name of Home Forward. Home Forward is a municipal corporation located in Portland, Oregon.

Beginning on April 1, 2018, Home Forward changed its fiscal year-end from March 31 to December 31. To implement this change in fiscal year, the financial statements, footnotes and supplementary information provided within this report are presented for a single 12-month year beginning January 1, 2019 and ending December 31, 2019.

Home Forward is governed by a nine-member Board of Commissioners; four appointments are recommended by the City of Portland, two by the City of Gresham, two by Multnomah County and one representative from participants of Home Forward’s housing programs. Home Forward is not financially dependent on the City of Portland and is not considered a component unit of the City. The Executive Director is appointed by the Board and is responsible for the daily functioning of Home Forward.

The governmental reporting entity consists of Home Forward, the primary government, and its blended and discretely presented component units.

Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationship with Home Forward are such that exclusion would cause the Home Forward’s financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and (i) either the Home Forward’s ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on Home Forward. The basic financial statements include both blended and discretely presented component units. The blended component units are legally separate entities, and are considered, in substance, part of Home Forward’s operations, and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government.

Blended Component Units

Home Forward’s operations include three blended component units, which are included in the basic financial statements and consists of legally separate entities for which Home Forward is financially accountable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units (Continued)

Home Forward Development Enterprises (HFDE), formerly known as New Columbia Community Campus Corporation (N4C) was formed in 2005 to support the New Columbia Community. On April 16, 2013, N4C changed its name to Home Forward Development Enterprises and was repurposed to support all of Home Forward's development and housing operations efforts.

St. Francis, LLC was formed September 17, 2015, as a result of the purchase of St. Francis Limited Partnership due to a HUD debt refinancing requirement.

Gateway Park Apartments Limited Partnership (Gateway Park LP) was formed as a Tax Credit Limited Partnership on November 7, 2002 to purchase and rehabilitate a 144 unit apartment complex located on NE 100th Avenue. On March 1, 2018, Key Community Development Corporation transferred their interest as the Limited Partner to HFDE.

Home Forward is legally entitled to or can access the resources of HFDE, St. Francis, LLC, and Gateway Park LP at the discretion of Home Forward management. Because HFDE, St. Francis, LLC, Gateway Park LP and Home Forward have this financial and operational relationship, generally accepted accounting principles requires that HFDE's, St. Francis, and Gateway Park financial statements be blended into the Home Forward financial statements.

Discretely Presented Component Units

Home Forward follows the guidance provided by the Governmental Accounting Standards Board (GASB) for the relationship of housing authorities as general partners of limited low income tax credit partnerships whereby the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to the housing authority. For these entities, Home Forward exercises the majority of control over day-to-day operations.

Home Forward is the general partner and owns a 0.01% to 1% investment in each of the following discretely presented component unit limited partnerships:

General Partner Ownerships presented in December 31, 2019 discretely presented component unit results:

- 1115 SW 11th Avenue Limited Partnership
- Beech Street Limited Partnership
- Cecelia Limited Partnership
- Civic Redevelopment Limited Partnership
- East Group Limited Partnership
- Haven Limited Partnership
- Humboldt Gardens Limited Partnership

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Units (Continued)

- Jeffery Apartment Limited Partnership
- Lloyd Housing Limited Partnership
- North Group Limited Partnership
- RAC Housing Limited Partnership
- Square Manor Limited Partnership
- Stephens Creek Crossing North Limited Partnership
- Stephens Creek Crossing South Limited Partnership
- Trouton Limited Partnership
- Woolsey Limited Partnership
- Wests Limited Partnership
- Woods East Limited Partnership

As a general practice, Home Forward's liability is not limited to initial investment and/or any future funding requirements. The limited partnerships have a December 31 year-end and complete financial statements may be obtained by contacting the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204.

Programs Administered by Home Forward

Home Forward administers annual contribution contracts to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD) and develops and manages affordable properties. Programs administered by Home Forward are as follows:

Public Housing

On June 18, 2019 Home Forward converted 125 units from Public Housing to Project Based Voucher subsidy via HUD's Rental Assistance Demonstration program and 190 units from Public Housing to Project Based Voucher subsidy via HUD's Section 18 program. This reduced the Public Housing unit count that Home Forward owns, operates and maintains from 960 units at December 31, 2018, to 645 units at December 31, 2019. The remaining properties with Public Housing units were acquired through grants and subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD. Funds from the Capital Grant Program provided by HUD are used to maintain and improve this Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these capital grant funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs Administered by Home Forward (Continued)

Rent Assistance

Section 8 of the U.S. Housing and Community Development Act of 1974 provides Housing Assistance Payments on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a rental-housing owner and a family, rather than Home Forward and a family as in the Public Housing program. For approved housing, HUD contracts with Home Forward to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families, between 28.5% and 31% of adjusted household gross income. Housing Assistance Payments made to landlords and some participants are funded through Annual Contributions Contracts. At December 31, 2019, Home Forward administered approximately 10,343 vouchers through several programs authorized by Section 8. Additionally, Home Forward administers the Short-Term Rent Assistance program on behalf of the City of Portland, the City of Gresham, and Multnomah County.

Affordable Housing and Special Needs Housing

Home Forward owns or is a partner in 6,075 units of housing. The Affordable Housing portfolio consists of 62 multifamily properties representing 5,574 units, of which 3,103 are owned through tax credit partnerships. The Special Needs portfolio consists of 31 properties representing 501 units. The Special Needs properties were developed using grant funds received from the State of Oregon and Federal programs combined with contributions from Home Forward and other local agencies.

Resident Services

Home Forward coordinates and provides social and economic development programs for families and administers a variety of community housing and service partnerships throughout Multnomah County. Funding for these programs comes from HUD, Medicare, participant fees, charitable organizations and private donations.

Development

Home Forward pursues development projects that augment the supply of low-cost housing, provides essential services to residents and revitalizes overall communities. These projects include renovation of older/existing housing, new construction and pilot projects.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Home Forward operates as an enterprise activity. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Home Forward distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are derived from providing services in connection with Home Forward's ongoing operations. Operating revenues generally include rental income, operating subsidies, operating grant revenue and development fee income. Operating expenses generally include housing assistance payments, occupancy charges, development services, tenant services, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are classified as nonoperating revenues and expenses.

Use of Estimates

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

Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is Home Forward's policy to use restricted resources first and the unrestricted resources as they are needed.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is classified in the following three components:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted

This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted

This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Cash and Cash Equivalents

Cash and cash equivalents consists of amounts deposited in checking, money market accounts and the Oregon Local Government Investment Pool (LGIP) or investments with original maturities of 90 days or less. The LGIP is managed by the Oregon State Treasurer as an alternative to commercial money market accounts. Deposits are subject to collateral requirements. Deposits in the LGIP are recorded at fair value, which is the same as the value of the pool shares. Investments in the LGIP are included in the Oregon Short-Term Fund, which is not registered with the U.S. Securities and Exchange Commission as an investment company. Investments in the Oregon Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board.

Cash and Cash Equivalents – Restricted and Investments – Restricted

This consists of funds set aside for:

Family Self-Sufficiency Funds consist of amounts deposited under the Family Self-Sufficiency (FSS) program. Under the FSS program, if the income of a tenant enrolled in the program increases, instead of decreasing the subsidy amount, the original subsidy continues to be paid and the difference between the original and new subsidy amount is deposited into an escrow account. If the tenant enrolled in the program attains certain target goals related to self-sufficiency, the tenant is awarded money from the escrow account to use for various purposes stated in the tenant's self-sufficiency plan such as college tuition or a down payment for the purchase of a home.

Tenant Security Deposits represent the refundable deposits received from tenants and held in trust to secure the performance of a rental agreement. Tenant security deposits in excess of any outstanding damage or rent charges must be returned to the departing tenants within 31 days after the termination of the tenancy. The funds are typically held in segregated bank accounts since these funds may not be used for operations. The funds are, however, allowed to earn interest that may be retained for operations.

Rental Assistance Demonstration Acquisition Proceeds are externally restricted funds which consist of net proceeds received from the sale of 112 public housing units to the North Group Limited Partnership. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

Section 18 Acquisition Proceeds are externally restricted funds which consist of net proceeds received from the sale of 238 public housing units to the North Group Limited Partnership. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – Restricted and Investments – Restricted (Continued)

Residual Receipts Reserve is maintained for the Multnomah Manor property, which is included in Home Forward's Affordable Housing Portfolio, and consists of surplus cash on hand at the end of each fiscal year, less authorized disbursements to date plus interest earned on the deposits. As of December 31, 2019, the reserve is funded as required.

Funds Held in Trust consist primarily of replacement reserves held in trust and by Home Forward for Affordable Housing properties owned and operated by Home Forward. In addition, the balance includes performance guarantee and other funds held in trust and by Home Forward under various agreements. The reserves are invested in interest-bearing bank accounts and are externally restricted for the purposes of maintaining required reserve funds or purchasing or constructing capital assets or other noncurrent assets. As such, the amounts are classified as restricted, noncurrent assets. During the year ended December 31, 2019, the reserves were funded as required under the various agreements.

Public Housing Scattered Site Sales Proceeds are externally restricted funds which consist of net proceeds received from the sale of Home Forward's PH Scattered Site properties. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

Debt Service Funds include externally restricted funds on deposit with various trustees relating to the servicing of debt. Funds are invested in guaranteed investment contracts and short-term marketable securities.

PILOT funds are maintained to fund Payments in Lieu of Taxes (PILOT) on certain rental properties owned by Home Forward. Under an agreement with the city of Portland, Home Forward is required to make an annual payment equal to $200,000. Home Forward also makes annual payments to the city of Fairview. Total payment to city of Fairview for the year ended December 31, 2019 was $29,291.

Concentration of Risk

Federal regulations require that public funds on deposit with financial institutions be secured at a rate of 100% of amounts in excess of deposit insurance coverage. Home Forward maintains cash balances at several financial institutions, some in excess of the federally insured amount of $250,000 per Employer Identification Number. Financial institutions insure these excess balances either via the Oregon state treasurer's office by designating these balances as Public Funds per ORS 295 or via other collateral agreements at the Bank of New York Mellon. At December 31, 2019, all of Home Forward's funds were collateralized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Pursuant to Home Forward's Moving to Work Agreement with the Department of Housing and Urban Development (HUD), Home Forward's Investment Policy dated September 2013 is written in conformance with ORS Chapter 456 – Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and Applicable Federal Law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 – County and Municipal Financial Administrations, which allows for federal funds to be invested in securities permitted under Oregon state law.

Due from Partnerships, Net

Consists primarily of development and management fees earned by Home Forward through its involvement as the General Partner in tax credit partnerships and partnership project costs paid by Home Forward on behalf of the partnerships (see Note 5). The fees are typically paid based on the availability of net cash flow of the partnerships or from the proceeds of capital contributions to the partnerships. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables.

Notes Receivable (Noncurrent)

Consists primarily of loans to tax credit partnerships for the development of affordable housing. These loans have a maturity date greater than one year in duration. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables (see Note 6).

Notes Receivable – Partnerships

Consists of required payments to be made by the Partnerships to Home Forward to pay required debt service payments on the Multi-Family Housing Revenue Bonds in which Home Forward has an ownership interest.

Investments in Partnerships

Represents Home Forward's equity interest in 17 limited partnerships, which are reported as Home Forward's discretely presented component units (see Note 7). These investments are accounted for under the equity method because Home Forward either holds a controlling interest or has "significant influence" over the operations of the partnerships.

Under the equity method, the initial investment is recorded at cost and is increased or decreased by Home Forward's share of income or losses and is increased by contributions and decreased by distributions. Management reviews the investment in partnerships for possible impairment in value whenever events or circumstances indicate the carrying value of the investment may not be recoverable.

In June 2014, Home Forward entered into a Limited Liability Corporation with Cedar Sinai Park, Care Oregon and other service partners to create a Housing with Services partnership, which operates under a separate tax ID from Home Forward. The purpose of this initiative is to develop and evaluate a managed-care services delivery model designed to reduce costs and improve health outcomes for seniors and people with disabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital Assets include land, construction in progress, buildings and improvements, and equipment. All capital assets are recorded at cost except for donated capital assets which are recorded at acquisition value at the time of donation. Depreciation is computed on the straight-line method based on the estimated useful lives of the individual assets: 15 to 40 years for buildings and improvements and 3 to 20 years for equipment. When debt is issued for construction of capital assets, interest is capitalized during construction up to the placed-in-service date. Maintenance and repairs are charged to expense when incurred. Assets with costs in excess of $5,000 are capitalized and depreciated from the respective placed-in-service date.

Management reviews land, buildings and improvements, equipment, and construction in progress for possible impairment whenever events or circumstances cause a material and unanticipated decline in the service utility of an asset. Impairment is inherently subjective and is based on management’s best estimate of assumptions concerning expected future conditions.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources (expense) until then. Home Forward has three items that qualify for reporting in this category. The deferred amount related to pensions is recognized as an outflow of resources in the period when Home Forward recognizes pension expense. The deferred amount related to OPEB is recognized as an outflow of resources in the period when Home Forward recognizes OPEB expense. The deferred amount related to derivative instruments represents the fair value of swap agreements recognized as a liability in Home Forward’s statement of net position with the offsetting losses in deferred outflows of resources.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. Home Forward has two types of items that quality for reporting in this category. The deferred amount related to pensions is recognized as an inflow of resources in the period Home Forward recognizes a reduction of pension expense. The deferred amount related to OPEB is recognized as an inflow of resources in the period Home Forward recognizes a reduction of OPEB expense.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net OPEB (Asset)/Liability

Home Forward has two other post-employment benefits (OPEB) plans: 1. Retirement Health Insurance Account (RHIA) and 2. Home Forward Health Benefit Retiree Program (HBRP). For purposes of measuring the net OPEB RHIA asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 16). For purposes of measuring the total OPEB HBRP liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been actuarially determined using assumptions regarding the future cost of the retiree health plan and that it will retain its current relationship to the cost of the active plan, and that the active plan cost will maintain a reasonable relationship to direct compensation (see Note 16).

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 15).

Unearned Revenue

Unearned revenue consists primarily of land lease prepayments, advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of December 31, 2019.

Other Liabilities – Noncurrent

Represents the noncurrent liabilities due and payable to the General Partner for operating expenses paid on behalf of the Limited Partnership. These include wages and purchase card transactions.

Revenue Recognition

Operating subsidies are recognized in the period funds are received. Revenues from grants are recognized in the periods designated by the grantor as the associated costs are incurred. Revenues from contracts and rental revenues are recognized when the associated services are provided.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All full-time and part-time employees who are regularly scheduled to work at least 20 hours per week are eligible to earn paid annual leave. Eligible employees begin to accrue annual leave as of their hire date; however, the accrued time does not become earned, useable or payable until the completion of 90 days of continuous service. Earned paid annual leave time may be carried over and accumulated up to a maximum of two years' accrual as of January 1 of any year. Total accrued compensated absences as of the year ended December 31, 2019 were $1,241,005 and are a component of other accrued liabilities.

Income Taxes

Home Forward adopted the provisions of FASB ASC Topic 740-10 *Accounting for Uncertainty in Income Taxes* on April 1, 2009, as applicable to the tax credit limited partnerships presented as discretely presented component units in the basic financial statements. These Oregon tax credit limited partnerships were formed in conformity with the provisions of Section 42 of the Internal Revenue Code, thus no provision has been made for income taxes. There was no effect on net position in the current year as a result of adopting this Topic. No expense for interest or penalties is recognized in the financial statements. Management believes the tax credit limited partnerships have not taken any uncertain tax positions, as defined in the Topic.

New Pronouncements Adopted

For the fiscal year ending December 31, 2019, Home Forward has adopted no new GASB statements.

Effect of New Pronouncements

Home Forward is currently analyzing its accounting practices to identify the potential impact on the financial statements for the following GASB statements:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Pronouncements (Continued)

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowing and direct placements and clarifies which liabilities governments should include when disclosing information related to debt.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Pronouncements (Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The purpose of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement Postpones GASB Statement 87, *Leases*, by 18 months and postpones the following Statements by 12 months:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interest*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans.

Prior Period Adjustment – Change in Accounting Principle

The beginning net positions of the discretely presented component units have been restated in order to retroactively apply a change in accounting principle. In previous periods, the value of capital assets purchased from Home Forward by the discretely presented component unit was reported at the net book value in Home Forward's financial statements. The purchase price value in excess of the net book value was recognized as an intergovernmental expense for the discretely presented component unit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Period Adjustment – Change in Accounting Principle (Continued)

The limited partnership entities issue separately audited financial statements under Financial Accounting Standards Board (FASB) standards. This transaction is not reflected within the individual limited partnership audited financial statements; instead, the capital asset is recorded at acquisition value. The information contained herein has been restated to agree to the individually audited financial statements as shown below:

Net Position January 1, 2019, as Previously Stated	$ 9,113,287
Change in Accounting Principle	70,800,811
Net Position January 1, 2019, as Restated	$ 79,914,098

NOTE 2 LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS

The low-income housing tax credit program is the result of federal legislation that allows investors certain tax incentives for investing in low-income housing. Under terms of the federal tax code and extended use agreements with the state of Oregon, the buildings must continue to serve the targeted population for 30 years; after 15 years, Home Forward has the option to purchase the property from the partnership.

Tax Credit Limited Partnerships are created to finance and own affordable housing. Home Forward acts as Managing General Partner of each partnership. Although each Tax Credit Limited Partnership is structured differently, they are generally financed via loans to the partnership, contributions of equity by the general and limited partners, and other sources. In some transactions, Home Forward issues bonds and loans the proceeds to the Tax Credit Limited Partnership. Tax-exempt bond issuances are secured by the underlying partnership real estate and, in some cases, by the general revenues of Home Forward. The bonds and notes payable are offset by notes receivable from the partnerships. The partnerships make payments to Home Forward for debt service. Home Forward may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are received by Home Forward and lent to the partnerships. These funds are accounted for as notes receivable from the partnerships if the proceeds are used for developing the property. Other advances are included in amounts due from partnerships and are reflected in Note 5. Notes payable related to the partnerships are reflected in Note 11. A summary of Home Forward's long-term debt, including debt pertaining to the tax credit partnerships, is reflected in Note 13. A summary of notes receivable from the partnerships is reflected in Note 6.

Home Forward typically earns a developer's fee for its role in bringing the project to fruition. These fees are earned based on certain events or dates relative to the development of the project. Developer fees are paid primarily from development proceeds and available cash flows. Under the various partnership agreements, the balance of developer fees not paid during the construction phase are generally required to be paid within 10 to 15 years of the project having been placed in service and may accrue interest on unpaid balances. For the year ended December 31, 2019, Home Forward earned $16,084,086 in developer fees and was paid $1.4 million.

NOTE 2 LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS (CONTINUED)

At December 31, 2019 the balance of the development fees owed to Home Forward is $18.4 million. Some tax credit projects also pay a General Partner's management fee and/or a tenant services fee; these fees are reflected in other operating revenues and totaled $352,721 as of December 31, 2019.

Home Forward did not purchase the remaining interest of any of its Tax Credit Limited Partnerships during the year ended December 31, 2019.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Pursuant to Home Forward's Moving to Work Agreement with HUD, Home Forward's Investment Policy dated September 2013 is written in conformance with ORS Chapter 456—Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 – County and Municipal Financial Administration, which allows for federal funds to be invested in securities permitted under Oregon state law.

As of the year ended December 31, 2019, cash and investments consisted of the following:

Cash and Cash Equivalents	$ 52,262,618
Cash and Cash Equivalents - Restricted	32,111,800
Total Cash and Cash Equivalents	$ 84,374,418
Investments	$ 281,929
Investments - Restricted	983,630
Total Investments	$ 1,265,559

At December 31, 2019, all of Home Forward's bank balances were insured first by federal depository insurance of $250,000 per institution and any balances in excess of that amount were collateralized by either a Tri-Party agreement or by the Oregon State Public Funds Collateral Pool.

Investment Risk Disclosures

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Home Forward will not be able to recover the value of the investment securities that are in the possession of the outside party. As of the year ended December 31, 2019, all investments were insured or registered, and held by Home Forward or its agent in Home Forward's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in Home Forward's name and were not exposed to custodial credit risk.

Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as described by a nationally recognized statistical rating organization such as Standard and Poor's (S&P).

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investment Risk Disclosures (Continued)

To minimize credit risk, Home Forward's policies provide that investments in corporate indebtedness are rated a minimum of A1, P1, 3a3 and investments in municipal debt obligations of the state of Oregon that are A or better. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk is the risk of loss attributed to the magnitude of Home Forward's investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). To minimize concentration of credit risk, Home Forward's investments are made from a selection of diverse issuers.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Home Forward selects investments of varied maturities to mitigate this risk.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In accordance with Home Forward's investment policy, Home Forward does not invest in securities associated with exchange rates and therefore is not exposed to foreign currency risk.

As of the year ended December 31, 2019, Home Forward's restricted investments consist of a guaranteed investment contract and a repurchase agreement with Bayerische with a S&P rating of AAA and a weighted average maturity more than three years in the amount of $507,340 and $476,290, respectively.

Investments restricted at December 31, 2019 mature between January 2027 and December 2029 and the interest rate on the investments ranges from 4.39% to 4.57%.

Fair Value of Financial Instruments

Investments held by Home Forward are stated at fair value, which is defined 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. Home Forward determines the fair value of these investments on a monthly basis, based on quoted market prices. Outside trustees provide monthly statements to report the fair value and pricing of the assets held by them, which are also based on quoted market prices. During Fiscal Year 2017, Home Forward adopted GASB 72 *Fair Value Measurement and Application*. GASB 72 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Home Forward has the ability to access.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 as compared to December 31, 2018. Investments in derivatives are valued based upon quoted prices for similar assets in active markets.

Certificates of Deposit and Guaranteed Investment Contracts are carried at amortized cost, thus are not included in the fair value hierarchy.

Investments Not Subject to Fair Value Levels:	
Certificate of Deposit	$ 281,929
Guaranteed Investment Contract	507,340

The following table sets forth by level, within the fair value hierarchy, Home Forward's assets and liabilities at fair value as of December 31, 2019:

	Total	Level 2
Repurchase Agreement	$ 476,290	$ 476,290
Derivative Instrument	(511,954)	(511,954)

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of the year ended December 31, 2019:

HUD Grants	$ 940,554
State, Local, and Other Grants	1,739,239
Tenants and Landlords	1,812,141
Other	799,763
Total Accounts Receivable	5,291,697
Less: Allowances for Doubtful Accounts	(553,852)
Accounts Receivable, Net	$ 4,737,845

NOTE 5 DUE FROM PARTNERSHIPS

Due from Partnerships consists of the following as of the year ended December 31, 2019:

Stephen's Creek Crossing North (4%)	$ 35,775
Cecelia Limited Partnership	726,370
Woolsey Limited Partnership	687,629
Wests Limited Partnership	62,065
Stephen's Creek Crossing North (9%)	28,497
Woods East Limited Partnership	2,192
Square Manor Limited Partnership	142,071
Lloyd Housing Limited Partnership	102,119
North Group Limited Partnership	292,641
East Group Limited Partnership	818,319
All Other Partnerships	515,555
Total Due from Partnerships	3,413,233
Less: Allowances for Doubtful Accounts	(1,702,263)
Due from Partnerships, Net	$ 1,710,970

NOTE 6 NOTES RECEIVABLE AND ACCRUED INTEREST

Notes and accrued interest receivable consist of the following as of December 31, 2019:

Partnerships Notes	$ 330,708,944
Nonpartnerships Notes	36,100,628
Homeowners Notes	208,300
Total Notes Receivable	367,017,872
Accrued Interest Receivable	10,166,296
Less: Allowances for Doubtful Accounts	(8,654,941)
Total Notes and Accrued Interest Receivables, Net	$ 368,529,227

Partnership notes have been issued to the limited partnerships invested in by Home Forward. These notes are used for the purpose of acquiring, constructing, and/or remodeling buildings for housing and other housing related purposes. These notes have an interest range of 0% to 6% with various maturity dates to 2074. As described in each note agreement, payments will be made from available cash flows.

NOTE 6 NOTES RECEIVABLE AND ACCRUED INTEREST (CONTINUED)

Homeowners' notes are secured by deed of trust and no longer accrue interest. Deferred interest was forgiven if the owner completed required homeowner education classes and remained in the house for five years. Principal is payable upon sale of property or various dates between 2033 through 2037.

NOTE 7 INVESTMENTS IN PARTNERSHIPS

Investments in partnerships consist of the following as of December 31, 2019:

Investments in Limited Liability Partnerships	
RAC Housing Limited Partnerships	$ 21,185,411
Cecelia Limited Partnership	1,272,598
Haven Limited Partnership	515,843
The Jeffrey Limited Partnership	50,931
St. Francis Park Limited Partnership	442,833
Square Manor Limited Partnership	291,673
North Group Limited Partnership	69
Lloyd Housing Limited Partnership	2,210,750
Total Investments in Partnerships	$ 25,970,108

NOTE 8 CAPITAL ASSETS

Land, structures, and equipment activity of Home Forward was as follows for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Disposals	Transfers	Balance, December 31, 2019
Land	$ 30,013,709	$ 465,000	$ (13,136)	$ -	$ 30,465,573
Construction in Progress	6,187,846	5,311,273	(2,118,353)	(4,593,795)	4,786,971
Total Capital Assets not being Depreciated	36,201,555	5,776,273	(2,131,489)	(4,593,795)	35,252,544
Buildings and Improvements	206,915,848	7,303,554	(13,803,658)	4,295,167	204,710,911
Equipment	13,911,910	45,226	(1,878,930)	298,628	12,376,834
	220,827,758	7,348,780	(15,682,588)	4,593,795	217,087,745
Less Accumulated Depreciation:					
Buildings and Improvements	(106,642,866)	(7,861,686)	7,548,280	-	(106,956,272)
Equipment	(12,007,590)	(412,955)	1,805,999	-	(10,614,546)
	(118,650,456)	(8,274,641)	9,354,279	-	(117,570,818)
Total Capital Assets being Depreciated	102,177,302	(925,861)	(6,328,309)	4,593,795	99,516,927
Total Capital Assets, Net	$ 138,378,857	$ 4,850,412	$ (8,459,798)	$ -	$ 134,769,471

During the year ended December 31, 2019, Home Forward transferred capital assets and construction in progress projects to East Group Limited Partnership with a net book value of $6,014,897. Proceeds from the sale included a long-term note receivable in the amount of $6,868,500 which represents 95% of the acquisition price.

NOTE 9 LINES OF CREDIT

Home Forward has an $8,000,000 operating revolving line of credit. The line of credit is used for short-term funding needs. The line of credit is collateralized by the general revenues of Home Forward and matured December 1, 2019. It was subsequently renewed for another five-year increment, maturing December 1, 2024. Draws on the line of credit may bear a fixed or variable rate of interest. During the year ended December 31, 2019 gross draws, including initial draws and draws after repayments, on the line of credit were $27,750,000 which represents both principal and accrued interest. The remaining outstanding line of credit balance for December 31, 2019 was $-0-. A summary of activity for Home Forward's line of credit for year ending December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
$ 1,400,000	$ 27,750,000	$ (29,150,000)	$ -

On December 27, 2018, Home Forward entered into an agreement with Beneficial State Bank for a ten 10-year, $20,000,000 real estate revolving line of credit. The line of credit will be used to provide capital for real estate development activities. Collateral requirements include first deed of trust (and assignment of rents, if applicable) on a real estate collateral pool with a 75% maximum commitment to collateral value (75% LTV). Home Forward has identified that the three properties Grace Peck, Rosenbaum Plaza and Unthank will serve as the properties for the collateral pool. As borrower, Home Forward has the option to replace the properties identified as collateral provided other covenants are in compliance of the new collateral. Additional requirements are that for accounts which are wholly owned and/or controlled by Home Forward. Home Forward will aggregately maintain a minimum of $12,500,000 in deposit balances at Beneficial State bank during the term of the credit facility and Home Forward will maintain a 5-year certificate of deposit of $275,000 with Beneficial State Bank.

Draws on the line of credit may bear a fixed or variable rate of interest. During the year ended December 31, 2019, gross draws, including initial draws and draws after repayments, on the line of credit were $11,853,196 which represents both closing costs and accrued interest. The remaining outstanding line of credit balance for the year ended December 31, 2019 was $-0-.

A summary of activity for Home Forward's line of credit for the year ended December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
$ 93,219	$ 11,853,196	$ (11,946,415)	$ -

NOTE 10 NOTES PAYABLE

Notes payable of Home Forward consist of the following as of December 31, 2019:

Property	Interest Rate	Final Maturity Date*	Payment Terms	Balance
Schiller Way	4.00 %	2030	Monthly	$ 394,490
Schiller Way	4.14	2021	Monthly	29,763
Richmond Place	3.00	2020	Maturity Date	500,000
Turning Point	7.49	2032	Monthly	318,817
Willow Tree	4.42	2036	Monthly	536,986
Cambridge Court	1.00	2032	Cash Flow	433,084
Cambridge Court	-	2032	Cash Flow	395,975
Dawson Park	3.00	2022	Cash Flow	316,856
Fenwick Apts	3.77	2025	Monthly	1,048,705
Fenwick Apts	-	Sale of Property	Cash Flow	1,176,730
Fenwick Apts	3.00	2034	Monthly	125,669
Helen Swindells	3.00	2023	Cash Flow	1,483,870
Helen Swindells	3.00	2023	Monthly	600,451
Kelly Place	5.39	2028	Cash Flow	255,891
James Hawthorne	-	Sale of Property	Cash Flow	5,728,950
North Interstate	-	Sale of Property	Cash Flow	922,518
Yards at Union Station	1.00	2027	Monthly	804,599
Pearl Court	3.00	2027	Monthly	532,145
Peter Paulson	7.91	2024	Cash Flow	1,021,301
Peter Paulson	50.00	2024	Cash Flow	250,000
Peter Paulson	-	2024	Cash Flow	689,635
Schiller Way	-	Sale of Property	Cash Flow	505,351
SW 45th (Carriage Hill Apts)	-	Sale of Property	Cash FLow	178,241
SW 45th (Carriage Hill Apts)	3.00	2032	Monthly	27,556
Willow Tree	-	2035	Cash Flow	167,902
Fairview Oaks & Woods	3.58	2047	Monthly	10,573,796
Rockwood Station	3.58	2047	Monthly	4,247,360
Rockwood Station (Mpower)	6.00	2025	Monthly	102,143
Hawthorne Home	6.00	2029	Monthly	39,536
Madison Home	6.00	2029	Monthly	39,284
North Interstate	6.00	2033	Monthly	378,851
Project Open Door	1.75	2027	Monthly	138,236
Taylor Home	7.00	2029	Monthly	37,624
Ashcreek Commons	3.94	2034	Monthly	1,626,961
Ainsworth Court	-	2052	Cash Flow	1,099,469
Ainsworth Court	4.77	2034	Monthly	2,039,753
Madrona Apartments	5.31	2034	Monthly	1,193,899
Kelly Place	-	2046	Maturity Date	350,456
Rockwood Landing	-	2058	Maturity Date	150,000
Gretchen Kafoury	3.00	2031	Maturity Date	2,664,000
Stephens Creek Crossing	-	Sale of Property	Converts to Grant	1,798,318
Hamilton West	3.00	2031	Monthly	575,558
Forward Balance to the Next Page				$ 45,500,729

NOTE 10 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Balance
Forward Balance from Previous Page				$ 45,500,729
Hamilton West	- %	Sale of Property	Cash Flow	2,039,641
Helen Swindells (Mpower)	6.00	2024	Monthly	49,557
Rockwood Landing (Mpower)	6.00	2025	Monthly	42,462
Rockwood Landing	3.86	2029	Maturity Date	317,197
St. Francis LLC	3.38	2050	Monthly	3,645,335
Sequoia Square	3.00	2031	Monthly	68,540
St. Francis LLC	-	Sale of Property	Cash Flow	5,241,162
Sequoia Square	8.08	2031	Monthly	586,293
Sequoia Square	3.99	2031	Monthly	361,823
Sequoia Square	-	Sale of Property	Cash Flow	514,486
Lovejoy Station	3.00	2032	Monthly	2,507,774
Fountain Place	1.00	2056	Cash Flow	2,725,500
30th & SE Powell	-	2021	Converts to Grant	574,965
The Alexis	2.78	2040	Monthly	5,240,019
Gateway Park	5.10	2033	Monthly	4,992,323
Total				74,407,806
Less Current Portion of Notes Payable				(1,782,760)
Total Notes Payable - Long-Term				$ 72,625,046

(*) Note: Calendar Year of Final Maturity Date

Notes payable includes those notes related to equity gap financing. Equity gap financing is utilized to fund the difference between project costs and sources of construction and permanent financing, These notes bear interest rates between 0.00% and 8.08% with maturities due up through 2058 except for certain equity gap notes, which are not payable unless the property is sold.

A summary of activity of Home Forward's notes payable for the year ended December 31, 2019 is as follows:

Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
$ 70,533,444	$ 5,824,965	$ (1,950,603)	$ 74,407,806

NOTE 10 NOTES PAYABLE (CONTINUED)

Minimum debt payments due over the next five years and thereafter in five-year increments are as follows:

Year Ending December 31,	Principal	Interest
2020	$ 1,782,760	$ 1,754,119
2021	1,826,840	1,718,232
2022	2,260,498	1,629,362
2023	4,046,237	1,499,789
2024	5,166,014	1,282,776
2025 - 2029	10,616,996	5,108,191
2030 - 2034	10,655,362	3,667,548
2035 - 2039	4,550,082	2,087,332
2040 - 2044	7,188,106	1,429,548
2045 - 2049	3,041,480	184,840
2050 - 2054	1,255,785	2,432
2055 - 2058	2,875,500	-
Total	55,265,660	20,364,169
Notes With No Set Maturity	19,142,146	-
Total	$ 74,407,806	$ 20,364,169

NOTE 11 BONDS PAYABLE

Bonds payable of Home Forward, which are secured by mortgages on the respective properties, consist of the following as of December 31, 2019:

Property	Bond Type	Interest Rate	Final Maturity Year	Balance
Dawson Park 2012	Fixed	- %	2027	$ 1,020,655
New Market West 2012	Variable	-	2038	3,104,906
Pearl Court	Fixed	-	2027	3,115,000
Gretchen Kafoury	Fixed	-	2034	3,640,000
Hamilton West	Fixed	-	2034	3,135,000
Yards at Union Station	Fixed	-	2029	3,660,000
Lovejoy Station	Fixed	1.10	2034	8,200,000
Fountain Place	Fixed	-	2034	2,259,540
Total				28,135,101
Less: Current Portion of Bonds Payable				(1,657,921)
Total				26,477,180
Plus Unamortized Premiums				258,422
Less: Unamortized Discounts				(95,469)
Total				$ 26,640,133

NOTE 11 BONDS PAYABLE (CONTINUED)

A summary of activity of Home Forward's bonds payable for the year ended December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
$ 29,743,872	$ -	$ (1,608,771)	$ 28,135,101

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

Year Ending December 31,	Principal	Interest
2020	$ 1,657,921	$ 1,080,612
2021	1,708,142	1,023,981
2022	1,763,504	965,325
2023*	4,263,117	903,249
2024	1,718,946	769,906
2025 - 2029	8,422,016	2,709,085
2030 - 2034	8,601,455	1,174,534
Total	$ 28,135,101	$ 8,626,692

For the variable rate debt, the December 31, 2019 interest rate of 2.74% was used for the New Market West 2012 Bonds.

*Final debt payments for New Market West 2012 Bonds are assumed to be made on August 1, 2023, upon the expiration of the associated swap instrument.

NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS

Home Forward issued Multi-Family Housing Revenue Bonds, Tax-Exempt Tax Credit Notes Receivable and Taxable Tax Credit Notes Receivable for the purpose of providing financing to Internal Revenue Service Section 42 Partnerships (see Note 7 and Note 18) in which Home Forward has an ownership interest. The Partnerships are required to make payments on the Notes Receivable to Home Forward, the General Partner of the Partnerships, sufficient to make required debt service payments on the Bonds. Bonds payable—partnerships and the corresponding notes receivable—partnerships consist of the following at December 31:

NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

Property	Bond Type	Interest Rate	Final Maturity Year	Balance
Lloyd Housing Limited Partnership	Variable	- %	2036	$ 38,300,000
Civic Redevelopment Limited Partnership	Variable	-	2038	7,800,000
Trouton Limited Partnership	Variable	-	2037	4,930,000
Cecelia Limited Partnership	Variable	-	2035	3,005,000
Stephens Creek Crossing North LP	Fixed	-	2031	2,856,851
Humboldt Gardens Limited Partnership	Fixed	-	2040	830,000
Wests Limited Partnership	Fixed	-	2052	13,016,698
Woods East Limited Partnership	Fixed	-	2052	15,413,130
Square Manor Limited Partnership	Fixed	-	2035	4,132,900
North Limited Partnership	Variable	-	2021	44,495,318
Total				134,779,897
Less: Current Portion of Bonds Payable				(39,134,257)
Total Bonds Payable and Notes Receivable - Partnerships				$ 95,645,640

*For the variable rate debt, the December 31, 2019, interest rate, as provided above, was used for the future interest calculation.

A summary activity of Home Forward's bonds payable at December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
$ 112,888,502	$ 28,358,930	$ (6,467,535)	$ 134,779,897

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

Year Ending December 31,	Principal	Interest
2020	$ 39,134,257	$ 1,877,327
2021	45,362,412	1,841,539
2022	785,917	1,804,068
2023	820,769	1,766,426
2024	856,694	1,727,552
2025 - 2029	4,918,278	7,988,805
2030 - 2034	7,698,517	6,442,084
2035 - 2039	19,399,856	4,098,736
2040 - 2044	5,176,172	2,789,764
2045 - 2049	6,377,031	1,588,905
2050 - Thereafter	4,249,994	264,026
Total	$ 134,779,897	$ 32,189,232

NOTE 13 DERIVATIVE INSTRUMENTS

Home Forward issued variable rate demand bonds and notes for its New Market West headquarters building and for three separate projects: Cecelia Limited Partnership (Cecelia), Trouton Limited Partnership (Trouton), and Civic Redevelopment Limited Partnership (Civic).

The bonds for each have the following common characteristics:

- Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.

- The LOCs and CEA are intended not only to provide security to bondholders, but also to make periodic interest payments for which Home Forward regularly reimburses the banks.

- The banks act as a remarketing agent, reselling at market rates any bonds sold by bondholders. They have committed to repurchase bonds that cannot be resold on the open market.

- New Market West's interest rates are recalculated monthly, based on the rate at which bond can be remarketed. Interest rates for other bonds are recalculated weekly, based on the rate at which bonds can be remarketed.

- The annual remarketing fee on the outstanding amount of the bonds is 0.08% (Civic), 0.10% (Trouton) and 0.125% (Cecelia). New Market West is not subject to an annual remarketing fee.

- For bonds where the underlying financed asset is not the pledge for the bonds, the underlying credit for the bonds is the general funds of Home Forward.

Civic Redevelopment Limited Partnership entered into a swap agreement with Freddie MAC. The new agreement caps the variable rate on the bonds to 3.6625%. The agreement is set to expire on September 1, 2023. In conjunction with the sale of Cecelia, Trouton, and New Market West-2012 bonds, Home Forward entered into interest rate swap agreements. Home Forward uses interest rate swap agreements in order to reduce the volatility related to variable rate interest debt, or market risk. The swap agreements effectively convert the interest rate on variable rate debt to a fixed rate. These swaps call for Home Forward to receive interest at a variable rate and to pay interest at a fixed rate.

NOTE 13 DERIVATIVE INSTRUMENTS (CONTINUED)

The Cecelia bonds mature in 2035. The variable rate on the bonds was 1.75% as of December 31, 2019. The swap instrument associated with the remaining bonds matures July 1, 2021, and is fixed at 4.39% on a notional amount of $3.005 million at December 31, 2019 for which Home Forward receives the 30 day SIFMA rate. The fair values loss of the swap was $148,288 as of December 31, 2019.

The Trouton bonds mature in 2038. The variable rate on the bonds was 1.74% as of December 31, 2019. The swap instrument associated with the remaining bonds matures July 1, 2022, and is fixed at 4.188% on a notional amount of $4.85 million at December 31, 2019 for which Home Forward receives the 30 day SIFMA rate. The fair values loss of the swap was $360,454 as of December 31, 2019.

New Market West bonds mature in 2038. The variable rate on the bonds was 2.75 % as of December 31, 2019. The bond documents were amended effective December 31, 2018 to waive the requirement for the mandatory purchase of the bonds and waives the requirement of the 45 day notice. The swap instrument associated with the remaining bonds mature August 1, 2023 and is fixed at 1.73% on a notional amount of the outstanding principal of the New Market Bonds Series 2012 up to $4.21 million for which Home Forward receives 78.5% of the 30 day LIBOR rate. The fair value loss of the swap was $3,211 as of December 31, 2019.

The fair value of the swap instruments is calculated from proprietary models using a mid-market basis. The change in fair market value of Home Forward's swap transactions for the years ended December 31, 2019 was a decrease of $59,845. The fair value of the swap instruments is reflected as derivative instruments liability on the basic financial statements and are offset by corresponding deferred outflows of resources - derivative instruments.

There are certain risks associated with any hedging investment. These risks include credit risk, basis risk, termination risk, rollover risk, interest rate risk, and market access risk.

- *Credit Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.

- *Basis Risk* – Risk is minimized for the Cecilia and Trouton deals as both the underlying debt pays out based on weekly auction rates and the SIFMA rate is an average of auction rate activity.

- *Termination Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.

NOTE 13 DERIVATIVE INSTRUMENTS (CONTINUED)

- *Rollover Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.

- *Interest Rate Risk* – Home Forward's swaps are structured to reduce Home Forward's exposure to interest rate risk by converting a variable rate to a fixed rate.

- *Market Access Risk* – Market access risk is the risk that a government will not be able to enter credit markets or that credit will become costlier. The ability to sell auction rate securities (ARS) in an auction may be adversely affected if there are not sufficient buyers willing to purchase all the ARS at a rate equal to or less than the ARS maximum rate. In the event of failed auctions, the bonds may default to a higher rate as defined in the bonds' official statements.

NOTE 14 RETIREMENT PLANS

Plan Descriptions

Home Forward is a participating employer in the State of Oregon Public Employees' Retirement System (PERS). PERS, a cost sharing multiple employer defined benefit plan and a fiduciary fund of the state of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

As a member of PERS, Home Forward contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost sharing multiple-employer defined benefit other post-employment benefit (OPEB) plan administered by PERS.

Actuarial Assumptions for the Calculation of Pension and OPEB Assets, Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension and OPEB

As both plans are administered by PERS, many of the actuarial assumptions were the same for the pension plan and OPEB-RHIA plan. Refer to Note 15 and Note 16 for pension or OPEB-RHIA specific assumptions, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

NOTE 14 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions for the Calculation of Pension and OPEB Assets, Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension and OPEB (Continued)

The total pension and OPEB liabilities based on the December 31, 2017 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	December 31, 2017 rolled forward to June 30, 2019
Measurement Date	June 30, 2019
Experience Study Report	2016, Published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.20%
Inflation	2.50%
Projected Salary Increases	3.50% Overall Payroll Growth
Investment Rate of Return	7.20%
Mortality	Health Retirees and Beneficiaries: RP2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-back as described in the valuation. Active Members: RP-2014 employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled Retirees: RP2014 disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

NOTE 14 RETIREMENT PLANS (CONTINUED)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap U.S. Equities	15.75	6.30
Small Cap U.S. Equities	1.31	6.69
Micro Cap U.S. Equities	1.31	6.80
Developed Foreign Equities	13.10	6.71
Emerging Foreign Equities	4.13	7.45
Non-U.S. Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-Driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Total	100.00 %	
Assumed Inflation - Mean		2.50

NOTE 15 PENSION

PERS Pension (Defined Benefits)

Home Forward is a participant of the PERS pension program. PERS benefits, as described by the PERS 2019 Comprehensive Annual Financial Report are as follows:

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in an PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of $30 per month for deaths that occur July 30, 2003, and earlier; $200 per month for deaths that occur after July 30, 2003.

NOTE 15 PENSION (CONTINUED)

PERS Pension (Defined Benefits) (Continued)

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0%.

OPSRP Pension Programs

Home Forward is a participant of the pension programs, a hybrid defined benefit/defined contribution plan for those employees hired after August 29, 2003. OPSRP benefits, as described by the PERS 2019 Comprehensive Annual Financial Report are as follows:

OPSRP Pension Benefits (Defined Benefit)

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

General Service

1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 1/2 years.

NOTE 15 PENSION (CONTINUED)

OPSRP Pension Programs (Continued)

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

OPSRP Individual Account Program (Defined Contribution)

Pension Benefits: Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Death Benefits

Upon the death of a nonretired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Risk Pooling

In 2001, the Oregon legislature amended ORS 238.227 allowing for local government entities to pool their PERS pension assets and liabilities with the state of Oregon and other organizations joining the pool. Contribution rates are actuarially determined based on the experience of the overall pool as opposed to the potentially more volatile experience of the individual member. On January 19, 2010, Home Forward's Board of Commissioners approved Home Forward's inclusion in the State & Local Government Rate Pool (SLGRP).

NOTE 15 PENSION (CONTINUED)

Funding Status

Employees who are OPSRP members are required by state statute to contribute 6.0% of their salary to OPSRP and employers may agree to pay this required contribution. Home Forward pays the employee's required contribution for all represented employees and nonrepresented employees hired before April 1, 2012. Additionally, employers are required to contribute actuarially computed amounts as determined by PERS on actuarial valuations performed at least every two years. Rates are subject to change as a result of subsequent actuarial valuations and legislative actions.

Employer contribution rates in effect July 1, 2019 to June 30, 2021 are:

Annual Period Ending	Tier 1/Tier 2	OPSRP
Pension Contribution Rate	20.69 %	14.96 %
Retiree Health Care Rate	0.70	0.43
Total Employer Contribution	21.39 %	15.39 %

Employer contribution rates in effect July 1, 2017 to June 30, 2019 are:

Annual Period Ending	Tier 1/Tier 2	OPSRP
Pension Contribution Rate	17.01 %	10.94 %
Retiree Health Care Rate	0.50	0.43
Total Employer Contribution	17.51 %	11.37 %

The amount contributed by Home Forward for the year ended December 31, 2019 was approximately $3,388,064 which represents the required contributions for both the employee and the employer for the year presented.

Net Pension Assets and Liabilities

At December 31, 2019, Home Forward reported a liability of $24,774,611 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. Home Forward's proportion of the net pension liability was based on a projection Home Forward's log-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, Home Forward's proportion was 0.14322567% which increased from its proportion of 0.14164116% measured as of June 30, 2018.

NOTE 15 PENSION (CONTINUED)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2019, Home Forward recognized pension expense of $3,334,143 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 1,180,433	$ -
Net Differences Between Expected and Actual Experience	1,366,247	-
Changes in Assumptions	3,360,959	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	702,335
Changes in Proportion	209,844	945,842
Difference Between the Employer's Contributions and the Employer's Proportion Share of Contributions	-	534,639
Total	$ 6,117,483	$ 2,182,816

The amount of $1,180,433 reported as of the year ended December 31, 2019 as deferred outflow of resources related to pensions resulting from Home Forward contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 1,959,094
2021	(149,893)
2022	406,509
2023	503,161
2024	35,363
Total	$ 2,754,234

NOTE 15 PENSION (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Home Forward's Proportionate Share of the Net Pension Liability and Net Pension Asset to Changes in the Discount Rate

The following presents the Home Forward's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.20%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.20%) or 1% higher (8.20%) than the current rate:

Home Forward's proportionate share of net pension liability at measurement date June 30, 2019:

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
$ 39,674,341	$ 24,774,611	$ 12,305,589

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The balance of PERS payable as of the year ended December 31, 2019 was $307,103. This balance is recorded in other accrued liabilities on the statement of net position.

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Retirement Health Insurance Account (RHIA)

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statutes (ORS) 238.420 established this trust fund. The Oregon legislature has the ability to establish and amend the benefit provisions of the RHIA. The plan closed to new entrants after August 29, 2003. The Schedule of Employer Allocations and OPEB Amounts by Employer along with PERS audited financial statements and the Schedule of OPEB Amounts under GASB Statement No. 75 prepared by PERS' third-party actuaries as of and for the year ended June 30, 2019 (the measurement period) may be obtained online at https://www.oregon.gov/pers or by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Retirement Health Insurance Account (RHIA) (Continued)

ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the RHIA, established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment the member must 1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in a PERS sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the benefit if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis and amounted to $119,254 for the year ended December 31, 2019. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in health care costs. Participating employees are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.50% of annual covered PERS payroll and 0.43% of OPSRP payroll. The PERS board sets the employer contribution rate based on creditable compensation for active members reported by employers. Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, Home Forward reported an asset of $284,501 for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the collective net OPEB asset was determined by an actuarial valuation as of December 31, 2017, rolled forward to June 30, 2019. Home Forward's proportion of the collective net OPEB assets was based on a projection of Home Forward's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2019 measurement date, Home Forward's proportion was 0.14722967%, which increased from its proportion measured as of June 30, 2018 (0.13862370%).

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2019, Home Forward recognized a decrease in OPEB expense of $148,280 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contribution Subsequent to Measurement Date	$ 66,657	$ -
Differences Between Expected and Actual Experience	-	37,517
Changes in Assumptions	-	295
Net Differences Between Projected and Actual Earning on Plan Investments	-	17,561
Changes in Proportionate Share	243	5,317
Total	$ 66,900	$ 60,690

The amount of $66,657 reported for the year ended December 31, 2019 as deferred outflow of resources related to OPEB resulting from Home Forward contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflow and inflow of resources related to OPEB will be recognized in Home Forward's OPEB expense as follows:

Year Ending December 31,	Deferred Outflows (Inflows) of Resources
2020	$ (31,121)
2021	(27,659)
2022	(3,475)
2023	1,808
Total	$ (60,447)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of Home Forward's Proportionate Share of the Collective Net OPEB Asset to Changes in the Discount Rates

The following presents Home Forward's proportionate share of the collective net OPEB asset, as well as what Home Forward's proportionate share of the collective net OPEB asset at the measurement date June 30, 2019 would be if it were calculated using a discount rate that is 1% lower (6.20%) or 1% higher (8.20%) than the current rate:

1% Decrease	Current Rate (7.20%)	1% Increase
$ (220,562)	$ (284,501)	$ (338,982)

Home Forward Health Benefit Retiree Program (HBRP) (Implicit Benefit Subsidy)

The Health Benefit Retiree Program is a post-employment single employee benefit plan that provides health insurance to eligible Home Forward retirees. As a condition of participation in PERS, Home Forward is required to offer healthcare insurance coverage to retirees and their spouses until the retired employee reaches the age for obtaining Medicare coverage. Under this requirement, the employer is required to provide access to the same plan(s) available for current employees. Though Home Forward does not pay any portion of the retiree's healthcare insurance, the retired employee receives an implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees.

As Home Forward pays none of the premiums of health insurance coverage for retirees from age 58 to 65, Home Forward has not established and does not intend to establish a trust fund to supplement the costs for other post-employment benefit obligation related to this implicit benefit. Home Forward's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in lieu of payment to secure coverage under independent plans. At December 31, 2019 there were nine retirees and/or surviving spouses receiving the post-employment implicit healthcare benefits.

Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to the OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of the year ended December 31, 2019, Home Forward reported a total OPEB liability of $887,379 for its implicit benefit subsidy based on a measurement date of December 31, 2018 rolled forward to December 31, 2019.

The following table shows the changes in the total OPEB liability for the year ended December 31, 2019:

	Total OPEB Liability
Balance, Beginning of Year	$ 900,487
Benefit Payments	(98,600)
Service Cost	50,593
Interest on Total OPEB Liability	34,899
Balance, End of Year	$ 887,379

For the year ended December 31, 2019, Home Forward recognized OPEB expense of $92,438.

As of December 31, 2019, Home Forward reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 123,219
Changes of Assumptions or Other Inputs	515,236
Total	$ 638,455

Amounts reported as deferred inflows of resources related to OPEB will be recognized in Home Forward's OPEB expenses as follows:

Year Ending December 31,	Deferred Inflows of Resources - OPEB HBRP
2020	$ (79,330)
2021	(79,330)
2022	(79,330)
2023	(79,330)
2024	(79,330)
All Subsequent Years	(241,805)
Total	$ (638,455)

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions for Implicit Benefit Subsidy

Certain actuarial assumptions for the Implicit Benefit subsidy calculation are from the actuarial report as of December 31, 2018. Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2017 actuarial valuation of the Oregon Public Employees Retirement System and are updated after each new PERS actuarial valuation is completed. For the other demographic assumptions such as entrance and persistence, the experience study was completed in December 2018.

Valuation Date	December 31, 2018
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Investment return assumption equal to expectation of Home Forward's own investment funds
Interest Discount Rate	4.1% per year
Kaiser Medical Cost Annual Trend Rate	5% in all future years.
Providence Medical Cost Annual Trend Rate	8% initial increase, reducing to 5% over 6 years.
Dental Cost Annual Trend Rate	3% in all future years.
Mortality Rates	Rates of mortality for active male employees are 75% of the male generational rates and rate of mortality for active female employees are 60% of the female generational rates.

Long-Term Expected Rate of Return

The 4.10% discount rate assumption is the December 31, 2018 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This discount rate represents the long-term investment yield on Home Forward’s assets.

Sensitivity of Total OPEB Liability to Changes in the Discount Rates

The following presents what Home Forward’s total OPEB liability at December 31, 2019 would be if it were calculated using a discount rate that is 1% lower (3.10%) or 1% higher (5.10%) than the current rate:

1% Decrease	Current Rate (4.10%)	1% Increase
$ 960,557	$ 887,379	$ 820,099

NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents what Home Forward's total OPEB liability at December 31, 2019 would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates

1% Decrease	Current Rate	1% Increase
$ 791,756	$ 887,379	$ 1,000,327

NOTE 17 DEFERRED COMPENSATION PLAN

Home Forward offers employees an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Home Forward's employees, permits them to defer a portion of their salary to future years. Annual deferrals are limited to the lesser of $19,000 or 100% of includable compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. This plan is administered by a third party and is not included in Home Forward's basic financial statements.

NOTE 18 BLENDED COMPONENT UNITS

The condensed statements of net position of the blended component units are as follows as of December 31, 2019:

	Home Forward Development Enterprises	St. Francis, LLC	Gateway LP
Assets			
Current Assets	$ 6,760,008	$ 1,144,530	$ 925,602
Noncurrent Assets	38,769,596	-	-
Capital Assets	-	7,253,368	4,690,253
Total Assets	$ 45,529,604	$ 8,397,898	$ 5,615,855
Liabilities			
Current Liabilities	$ 61,625	$ 212,476	$ 611,090
Noncurrent Liabilities	-	8,818,160	4,739,374
Total Liabilities	61,625	9,030,636	5,350,464
Net Position			
Restricted	-	441,373	-
Unrestricted	45,467,979	(1,074,111)	265,391
Total Net Position	45,467,979	(632,738)	265,391
Total Liabilities and Net Position	$ 45,529,604	$ 8,397,898	$ 5,615,855

NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)

The condensed statements of revenues, expenses, and changes in net position of the blended component units are as follows for the year ended December 31, 2019:

	Home Forward Development Enterprises	St. Francis, LLC	Gateway LP
Operating Revenues			
Dwelling Rental	$ -	$ 860,154	$ 1,519,997
Nondwelling Rental	-	136,694	5,569
Other	-	27,262	31,289
Total Operating Revenues	-	1,024,110	1,556,855
Operating Expenses			
Administration	905,644	280,749	235,137
Tenant Services	-	-	17,640
Program Expense	-	-	12,534
Utilities	-	162,453	355,156
Maintenance	-	157,054	368,656
Depreciation	-	193,972	330,042
General and Other	4,250	85,716	58,527
Total Operating Expenses	909,894	879,944	1,377,692
Operating Income (Loss)	(909,894)	144,166	179,163
Nonoperating Revenues (Expenses)			
Investment Income	1,088,915	1,780	3,032
Interest Expense	-	(133,074)	(260,790)
Other Nonoperating Expenses	-	(33,019)	-
Total Nonoperating Revenues (Expenses)	1,088,915	(164,313)	(257,758)
Increase (Decrease) in Net Position	179,021	(20,147)	(78,595)
Net Position - Beginning of Year	45,288,958	(612,591)	343,986
Net Position - End of Year	$ 45,467,979	$ (632,738)	$ 265,391

NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)

The statement of cash flows of the blended component units are as follow:

	Home Forward Development Enterprises	St. Francis, LLC	Gateway LP
Cash Flows from Operating Activities			
Receipts from Tenants and Landlords	$ -	$ 976,005	$ 1,551,159
Receipts from Others	119,280	15,327	31,290
Payments to and on Behalf of Employees	-	(239,314)	(205,974)
Payments to Vendors, Contractors, and Others	(909,943)	(429,464)	(707,359)
Total Cash Provided (Used) by Operating Activities	(790,663)	322,554	669,116
Cash Flows from Capital and Related Financing Activities			
Interest Paid on Notes and Bonds Payable	-	(124,443)	(261,301)
Principal Payments on Notes Payable	-	(133,588)	(240,398)
Refund of Cash Restricted for Deposits Payable	-	(350)	-
Acquisition and Construction of Capital Assets	-	-	(115,404)
Change in Investment in Partnership	-	(742)	-
Total Cash Provided (Used) by Capital and Related Financing Activities	-	(259,123)	(617,103)
Cash Flows from Investing Activities			
Increase in Accrued Interest on Notes Payable	(193,669)	-	-
Collections on Notes Receivable	673,163	-	-
Change in Due from Partnerships	8,122	5,151	123
Investment Income Received	969,635	1,780	3,032
Total Cash Provided by Investing Activities	1,457,251	6,931	3,155
Net Increase in Cash and Cash Equivalents	666,588	70,362	55,168
Cash and Cash Equivalents - Beginning of Year	4,603,203	1,050,886	857,117
Cash and Cash Equivalents - End of Year	$ 5,269,791	$ 1,121,248	$ 912,285

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION

Home Forward is the General Partner and holds a 0.01% to 1% interest in each of the following limited partnerships (see Note 2 and Note 7). Summarized partnership information as of and for the year ended December 31, 2019 is as follows:

	North Group	East Group	Trouton	Woolsey	Civic Redevelopment	Humboldt Gardens	1115 SW 11th Avenue
ASSETS							
Cash and Cash Equivalents	$ 2,205,136	$ 1,237,684	$ 771,381	$ 730,150	$ 113,056	$ 119,974	$ 374,513
Cash and Cash Equivalents - Restricted	3,478,162	1,861,360	1,502,056	1,298,785	2,682,813	1,264,955	1,081,598
Accounts Receivables	22,858	40,518	18,311	4,482	4,266	14,987	3,522
Other Assets	1,216,147	4,939,596	448,863	88,907	550,976	176,385	37,771
Capital Assets, Net	85,057,391	39,796,549	22,528,264	9,893,924	11,528,779	19,644,291	11,301,116
Total Assets	$ 91,979,694	$ 47,875,707	$ 25,268,875	$ 12,016,248	$ 14,879,890	$ 21,220,592	$ 12,798,520
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities	$ 10,859,753	$ 8,821,254	$ 692,906	$ 401,026	$ 1,198,003	$ 230,736	$ 104,836
Long-Term Liabilities	83,318,666	38,174,484	31,366,581	4,892,559	14,732,521	21,147,816	11,236,289
NET POSITION							
Net Investment in Capital Assets	2,820,613	2,025,271	(7,948,409)	5,242,801	(418,663)	(59,045)	76,294
Restricted	-	-	-	-	-	-	-
Funds Held in Trust	1,985	3,001	1,051,483	616,784	500,529	761,772	852,473
Unrestricted (Deficit)	(5,021,323)	(1,148,303)	106,314	863,078	(1,132,500)	(860,687)	528,628
Total Liabilities and Net Position	$ 91,979,694	$ 47,875,707	$ 25,268,875	$ 12,016,248	$ 14,879,890	$ 21,220,592	$ 12,798,520
Operating Revenues	$ 3,746,498	$ 1,796,744	$ 3,179,811	$ 1,414,123	$ 1,457,397	$ 1,324,714	$ 1,144,760
Operating Expenses	(6,612,226)	(1,978,048)	(4,560,448)	(2,248,699)	(1,662,067)	(2,355,577)	(1,301,010)
Operating Income (Loss)	(2,865,728)	(181,304)	(1,380,637)	(834,576)	(204,670)	(1,030,863)	(156,250)
Nonoperating Revenues	190	-	32,166	3,039	36,173	30,880	20,463
Nonoperating Expenses	(902,699)	(271,771)	(405,545)	(196,803)	(568,876)	(249,119)	(11,467)
Loss Before Capital Contributions	(902,509)	(271,771)	(373,379)	(193,764)	(532,703)	(218,239)	8,996
Capital Contributions	-	1,333,044	-	-	-	-	-
Change in Net Position	(3,768,237)	879,969	(1,754,016)	(1,028,340)	(737,373)	(1,249,102)	(147,254)
Prior Period Adjustment / Equity Transfer	36,821,778	-	-	-	-	-	-
Beginning Net Position, As Restated	1,569,512	-	(5,036,596)	7,751,003	(313,261)	1,091,142	1,604,649
Ending Net Position	$ (2,198,725)	$ 879,969	$ (6,790,612)	$ 6,722,663	$ (1,050,634)	$ (157,960)	$ 1,457,395

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

	RAC Housing	Stephens Creek Crossing South	Stephens Creek Crossing North	Beech Street	West	Woods East
ASSETS						
Cash and Cash Equivalents	$ 346,651	$ 151,309	$ 289,045	$ 316,069	$ 2,769,087	$ 3,437,410
Cash and Cash Equivalents - Restricted	1,491,630	499,171	798,766	209,130	1,362,415	1,850,420
Accounts Receivables	69,621	22,355	33,116	2,897	53,933	70,797
Other Assets	43,489	60,729	206,781	64,767	1,474,511	1,874,502
Capital Assets, Net	23,410,549	9,837,733	18,013,214	7,516,757	45,306,149	51,792,515
Total Assets	$ 25,361,940	$ 10,571,297	$ 19,340,922	$ 8,109,620	$ 50,966,095	$ 59,025,644
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities	$ 229,731	$ 87,172	$ 157,181	$ 72,474	$ 506,616	$ 535,696
Long-Term Liabilities	5,227,924	4,477,254	17,103,116	1,287,996	34,723,401	42,781,332
NET POSITION						
Net Investment in Capital Assets	18,182,625	5,344,405	858,900	6,235,450	11,242,059	9,547,457
Restricted	-	-	-	-	-	-
Funds Held in Trust	634,284	489,321	775,460	191,130	965,543	1,372,424
Unrestricted (Deficit)	1,087,376	173,145	446,265	322,570	3,528,476	4,788,735
Total Liabilities and Net Position	$ 25,361,940	$ 10,571,297	$ 19,340,922	$ 8,109,620	$ 50,966,095	$ 59,025,644
Operating Revenues	$ 2,933,515	$ 667,119	$ 1,080,350	$ 531,966	$ 3,590,607	$ 4,398,132
Operating Expenses	(2,946,276)	(1,032,407)	(1,738,472)	(799,887)	(3,804,002)	(5,142,476)
Operating Income (Loss)	(12,761)	(365,288)	(658,122)	(267,921)	(213,395)	(744,344)
Nonoperating Revenues	-	6,159	22,409	1,909	74,776	95,745
Nonoperating Expenses	(38,665)	(96,768)	(131,522)	(6,632)	(1,180,629)	(1,206,865)
Loss Before Capital Contributions	(38,665)	(90,609)	(109,113)	(4,723)	(1,105,853)	(1,111,120)
Capital Contributions	-	-	-	-	290,425	1,268,130
Change in Net Position	(51,426)	(455,897)	(767,235)	(272,644)	(1,028,823)	(587,334)
Prior Period Adjustment / Equity Transfer	-	-	-	-	8,834,550	25,144,483
Beginning Net Position, As Restated	19,955,711	6,462,768	2,847,860	7,021,794	16,764,901	16,295,950
Ending Net Position	$ 19,904,285	$ 6,006,871	$ 2,080,625	$ 6,749,150	$ 15,736,078	$ 15,708,616

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

	Haven	Cecelia	The Jeffrey Apartments	Square Manor	Lloyd Housing	Total
ASSETS						
Cash and Cash Equivalents	$ 107,276	$ 248,932	$ 265,022	$ 332,888	$ 28,480	$ 13,844,063
Cash and Cash Equivalents - Restricted	421,912	1,211,928	814,291	594,382	844,257	23,268,031
Accounts Receivables	759	3,316	10,019	27,863	17,373	420,993
Other Assets	37,624	148,579	17,150	268,137	640,016	12,294,930
Capital Assets, Net	3,242,664	9,406,162	9,811,540	16,122,550	63,368,684	457,578,831
Total Assets	$ 3,810,235	$ 11,018,917	$ 10,918,022	$ 17,345,820	$ 64,898,810	$ 507,406,848
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities	$ 103,300	$ 387,024	$ 128,535	$ 1,043,353	$ 9,391,089	$ 34,950,685
Long-Term Liabilities	3,306,458	14,016,430	8,760,451	11,350,546	51,275,639	399,179,463
NET POSITION						
Net Investment in Capital Assets	695,331	(3,996,750)	1,051,089	5,087,311	12,200,092	68,186,831
Restricted	-	-	-	-	-	-
Funds Held in Trust	140,267	824,725	379,954	263,849	575,847	10,400,831
Unrestricted (Deficit)	(435,121)	(212,512)	597,993	(399,239)	(8,543,857)	(5,310,962)
Total Liabilities and Net Position	$ 3,810,235	$ 11,018,917	$ 10,918,022	$ 17,345,820	$ 64,898,810	507,406,848
						-
Operating Revenues	$ 513,374	$ 1,574,245	$ 865,361	$ 909,884	$ 87,380	$ 31,215,980
Operating Expenses	(820,053)	(2,412,719)	(1,222,416)	(1,421,338)	(626,908)	(42,685,029)
Operating Income (Loss)	(306,679)	(838,474)	(357,055)	(511,454)	(539,528)	(11,469,049)
						-
Nonoperating Revenues	897	24,427	3,767	3,775	6,209	362,984
Nonoperating Expenses	(108,591)	(280,168)	-	(389,808)	(215,891)	(6,261,819)
Loss Before Capital Contributions	(107,694)	(255,741)	3,767	(386,033)	(209,682)	(5,898,835)
						-
Capital Contributions	-	-	(27,608)	5,655,708	2,210,787	10,730,486
Change in Net Position	(414,373)	(1,094,215)	(380,896)	4,758,221	1,461,577	(6,637,398)
						-
Prior Period Adjustment / Equity Transfer	-	-	-	-	-	70,800,811
Beginning Net Position, As Restated	814,850	(2,290,322)	2,409,932	193,700	2,770,505	79,914,098
Ending Net Position	$ 400,477	$ (3,384,537)	$ 2,029,036	$ 4,951,921	$ 4,232,082	$ 73,276,700

NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

Summarized Capital Assets – Discretely Presented Component Units

Land, structures, and equipment activity of the discretely presented component units was as follows for the year ended December 31, 2019:

	Balance 12/31/18, As Restated	Additions and Transfers In	Disposals and Transfers Out	Balance 12/31/19
Land	$ 9,470,424	$ 149,453	$ -	$ 9,619,877
Construction in Progress	37,618,331	93,272,731	(64,610,907)	66,280,155
Total Capital Assets not Being Depreciated	47,088,755	93,422,184	(64,610,907)	75,900,032
Buildings and Improvements	383,414,951	90,324,005	(229,221)	473,509,735
Capital Lease	9,930,761	19,439,239	-	29,370,000
Equipment	16,709,915	1,427,257	(8,543)	18,128,629
Total	410,055,627	111,190,501	(237,764)	521,008,364
Less: Accumulated Depreciation	(122,682,364)	(16,684,393)	37,192	(139,329,565)
Total Capital Assets Being Depreciated	287,373,263	94,506,108	(200,572)	381,678,799
Total Capital Assets, Net	$ 334,462,018	$ 187,928,292	$ (64,811,479)	$ 457,578,831

Summarized Notes Payable – Discretely Presented Component Units

Notes payable of the discretely presented component units consist of the following:

	December 31, 2019
Notes Payable - General Partner	$ 260,281,381
Mortgages and Other Housing Related Notes	129,110,619
Total	389,392,000
Less Current Portion	(1,169,418)
Noncurrent Portion	$ 388,222,582

A summary of activity of the discretely presented component units' notes payable is as follows:

Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
$ 316,342,373	$ 76,136,636	$ (3,087,009)	$ 389,392,000

NOTE 20 COMMITMENTS AND CONTINGENCIES

Leases

At December 31, 2019, Home Forward has approximately 9,863 dwelling units under lease to Section 8 landlords. The terms of these leases extend up to one year. Housing assistance payments under these leases, including FSS program contributions, for the year ended December 31, 2019 was approximately $84,752,633.

Construction Commitments

As of December 31, 2019, Home Forward had construction commitments of approximately $32,283,434.

Contingent Liabilities

Home Forward has entered into long-term use agreements with the City of Portland, Multnomah County and the State of Oregon in exchange for development funds for group homes and other projects. These agreements expire between 2019 and 2065. Repayment of an amortized portion of these funds is required if Home Forward does not use the properties according to their intended purposes. Home Forward has not and does not intend to violate those agreements. The exposure, if recorded, would be approximately $3,329,114.

General Partner Operating Deficit Guarantees

In relation to the performance of the tax credit partnerships for which Home Forward is the general partner, Home Forward has agreed to provide certain levels of funding in the event of partnership operating deficits that exceed operating reserves. The maximum amount required to fund excess operating deficits ranges from zero to the total amount of the excess operating deficit for a single partnership. As of December 31, 2019, no additional liability existed relating to excess operating deficits for any of the partnerships.

NOTE 21 RISK MANAGEMENT

Home Forward operates in an industry subject to various risks of loss related to torts, theft, damage, destruction, errors and omissions, injuries to employees or participants, and natural disasters.

Home Forward contracts with Marsh & McLennan Companies (Marsh) for broker services. Annually, Marsh markets the agency's insurance coverage needs to a wide variety of insurance markets. From this effort, Marsh's comprehensive insurance program provides appropriate levels of insurance coverage for property, boiler and machinery equipment, casualty/general liability, automotive, umbrella, financial and professional lines, crime, and cyber/special risks.

Marsh's comprehensive insurance provides coverage for 2,596 affordable properties, 1 New Market West property, 676 public housing properties, and 228 special needs properties. This does not include the 497 units Home Forward's Asset Management manages as part of our inter-governmental agreement with the City of Portland.

NOTE 21 RISK MANAGEMENT (CONTINUED)

Marsh coverage as of December 31, 2019, includes:

Liabilities	Deductible	Coverage
Property/Earthquake/Flood/Business Interruption	$ 100,000	$ 100,000,000
Boiler/Machinery/Equipment	5,000	100,000,000
General Liability	-	2,000,000
Automobile	500/1,000	1,000,000
Professional Liability	-	1,000,000
Umbrella Liability	-	10,000,000
Public Officials Liability	100,000	2,000,000
Fidelity and Crime	25,000	1,000,000
Special Risks	-	1,000,000
Cyber Liability	25,000	2,000,000
Lloyds/Roanoke Property Terrorism	10,000	100,000,000

Home Forward contracts with SAIF Corporation to provide workers' compensation and employer liability coverage of $1,000,000 per incident with no deductible.

Settlements have not exceeded coverage during the last three years. Home Forward has four liability claims as of December 31, 2019.

NOTE 22 SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact Home Forward's financial condition and operating results. However, the related financial impact and duration cannot be reasonably established at this time.

Home Forward has evaluated subsequent events through December 15, 2020, the date on which the financial statements were issued. Other than as discussed above, during this period no material subsequent events occurred which would require recognition or disclosure

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	(a) Home Forward's Proportion of the Net Pension Liability (Asset)	(b) Home Forward's Proportionate Share of the Net Pension Liability (Asset)	(c) Home Forward's Covered Payroll	(b/c) Home Forward's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.14322567 %	$ 24,774,611	$ 18,423,720	134.47 %	80.20 %
June 30, 2018	0.14164116	21,456,770	17,357,082	123.62	82.10
June 30, 2017	0.15329650	20,644,424	13,868,333	149.00	83.10
June 30, 2016	0.15888919	23,852,957	13,704,448	174.05	80.50
June 30, 2015	0.15526214	8,914,316	14,627,116	60.94	91.90
June 30, 2014	0.16124152	(3,654,885)	13,397,903	27.28	103.60

SCHEDULE OF PENSION CONTRIBUTIONS

Year Ended	(a) Statutorily Required Contribution	(b) Contributions in Relation to the Statutorily Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) Home Forward's Covered Payroll	(b/c) Contributions as a Percent of Covered Payroll
December 31, 2019	$ 2,044,769	$ 2,044,769	$ -	$ 18,423,720	11.10 %
December 31, 2018**	1,846,617	1,846,617	-	17,357,082	10.64
March 31, 2018	1,755,769	1,755,769	-	13,868,333	12.66
March 31, 2017	1,476,588	1,476,588	-	13,704,448	10.77
March 31, 2016	1,465,817	1,465,817	-	14,627,116	10.02
March 31, 2015	1,565,938	1,565,938	-	13,397,903	11.69

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon State Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reduction the 2013 Oregon legislature made to future system Cost of Living Adjustments (COLA) through Senate Bill 822 and 861. The reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2017 to be used for the December 31, 2016 actuarial valuation, which explains the significant increase in Home Forward's proportionate share of the net pension liability for the fiscal year ended March 31, 2017.

*Fiscal year ended March 31, 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

**This line represents the nine-month period ended December 31, 2018, as Home Forward changed its fiscal year-end to December 31 effective April 1, 2018.

OTHER POST EMPLOYMENT BENEFITS

<u>Retirement Health Insurance Account (RHIA)</u>

Schedule of Changes in Net OPEB Asset and Related Ratios*

Measurement Date	Proportion of the Net OPEB Asset	Proportionate Share of the Net OPEB Asset	Covered Payroll	Percentage of Covered Payroll
June 30, 2019	0.14722967 %	$ 284,501	$ 18,423,720	1.54 %
June 30, 2018	0.13862370	154,742	17,357,082	0.89
June 30, 2017	0.14138660	59,006	15,368,318	0.38

Schedule of OPEB Contributions*

Year Ended	(a) Contractually Required Contribution**	(b) Contributions in Relation to the Contractually Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) Covered Payroll	(b/c) Percentage of Covered Payroll
December 31, 2019	$ 73,049	$ 73,049	$ -	$ 18,423,720	0.40 %
December 31, 2018***	66,536	66,536	-	17,357,082	0.38
March 31, 2018	70,390	70,390	-	15,368,318	0.46

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

*Schedule of changes in net OPEB asset and related ratios and schedule of OPEB contributions are presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown.

**Based on the actuarial report.

***This line represents the nine-month period ended December 31, 2018, as Home Forward changed its fiscal year-end to December 31 effective April 1, 2018.

HOME FORWARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST THREE FISCAL YEARS*

OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Retiree Access to Home Forward Benefit Retiree Program (Implicit Benefit Subsidy)

Schedule of Changes in Total Liability and Related Ratios*

	December 31, 2019***	December 31, 2018***	March 31, 2018***
Beginning of Year, January 1, 2019	$ 900,487	$ 1,415,327	$ 1,384,796
Benefit Payments	(98,600)	(66,832)	67,210
Service Cost	50,593	36,662	51,747
Interest on Total OPEB Liability	34,899	42,494	(58,362)
Change in Assumptions	-	(512,048)	(15,894)
Experience (Gain) Loss	-	(15,116)	(14,170)
Total Changes	(13,108)	(514,840)	30,531
End of Year, December 31, 2019	$ 887,379	$ 900,487	$ 1,415,327
Covered Payroll**	$ 17,030,216	$ 16,454,315	$ 15,368,318
Total Liability as a Percentage of its Covered Payroll	5.21%	5.47%	9.21%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

*Schedule of changes in OPEB liability and related ratios is presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown. Fiscal year ended December 31, 2018 information only included nine months from April 1, 2018 to December 31, 2018.

**Based on the actuarial report.

***The table above is as of the measurement date of the actuarial report. As such, the information is presented one year prior to the fiscal year ending shown.

OTHER SUPPLEMENTARY INFORMATION

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING
DECEMBER 31, 2019

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
ASSETS AND DEFERRED OUTFLOWS										
CURRENT ASSETS										
Cash and Cash Equivalents	$ 1,683,767	$ 293,895	$ 1,215,974	$ 1,454,034	$ 52,426	$ 136,132	$ 248,106	$ 283,335	$ 512,663	$ 365,984
Cash and Cash Equivalents - Restricted	16,550	177,595	11,773	15,200	149,040	662,945	472,302	1,812,419	1,049,527	759,654
Accounts Receivable, Net	2,799,903	33,873	1,378,298	1,566,575	1,560	8,089	2,133	47,094	21,990	6,632
Prepaid Expenses	708	-	1,440	170	250	15,707	5,437	8,246	3,760	16,755
Total Current Assets	4,500,928	505,363	2,607,485	3,035,979	203,276	822,873	727,978	2,151,094	1,587,940	1,149,025
NONCURRENT ASSETS										
Due from Partnerships, Net	-	300	-	-	-	-	-	-	-	-
Notes Receivable and Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets not being Depreciated	157,489	643,385	169,979	68,201	292,240	483,636	138,456	952,468	560,913	1,016,855
Capital Assets being Depreciated, Net	149,302	2,357,443	212,891	633,517	1,725,722	1,830,841	464,964	2,041,396	2,383,027	6,236,513
Total Noncurrent Assets	306,791	3,001,128	382,870	701,718	2,017,962	2,314,477	603,420	2,993,864	2,943,940	7,253,368
Total Assets	$ 4,807,719	$ 3,506,491	$ 2,990,355	$ 3,737,697	$ 2,221,238	$ 3,137,350	$ 1,331,398	$ 5,144,958	$ 4,531,880	$ 8,402,393
LIABILITIES AND NET POSITION										
CURRENT LIABILITIES										
Accounts Payable	$ 22,376	$ 49,178	$ 24,329	$ 27,423	$ 85,373	$ 196,655	$ 148,510	$ 50,893	$ 43,423	$ 9,454
Accrued Interest Payable	-	5,459	-	-	3,612	1,556,981	10,567	401,399	1,467,198	62,256
Other Accrued Liabilities	12,375	57	7,793	8,250	-	4,674	-	-	-	-
Unearned Revenue	37,406	13,263	3,250	22,781	5,269	18,148	14,320	43,327	31,943	40,904
Deposits, Payable from Restricted Assets	16,515	9,857	11,923	14,793	15,315	51,361	45,965	121,799	63,458	36,018
Current Portion of Notes and Bonds Payable	-	52,719	-	-	58,564	9,486	121,776	403,369	85,000	68,337
Total Current Liabilities	88,672	130,533	47,295	73,247	168,133	1,837,305	341,138	1,020,787	1,691,022	216,969
NONCURRENT LIABILITIES										
Notes Payable	-	1,141,180	-	-	2,292,540	2,124,391	316,856	458,776	2,664,000	8,818,160
Bonds Payable	-	-	-	-	-	-	898,878	2,785,000	3,555,000	-
Total Noncurrent Liabilities	-	1,141,180	-	-	2,292,540	2,124,391	1,215,734	3,243,776	6,219,000	8,818,160
Total Liabilities	88,672	1,271,713	47,295	73,247	2,460,673	3,961,696	1,556,872	4,264,563	7,910,022	9,035,129
NET POSITION	4,719,047	2,234,778	2,943,060	3,664,450	(239,435)	(824,346)	(225,474)	880,395	(3,378,142)	(632,736)
Total Liabilities and Net Position	$ 4,807,719	$ 3,506,491	$ 2,990,355	$ 3,737,697	$ 2,221,238	$ 3,137,350	$ 1,331,398	$ 5,144,958	$ 4,531,880	$ 8,402,393

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING (CONTINUED)
DECEMBER 31, 2019

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial
ASSETS AND DEFERRED OUTFLOWS										
CURRENT ASSETS										
Cash and Cash Equivalents	$ 210,971	$ 2,481,767	$ 2,084,430	$ 1,164	$ 14,991	$ 93,757	$ 21,569	$ 86,354	$ 111,213	$ 14,394
Cash and Cash Equivalents - Restricted	625,631	1,964,095	1,063,842	209,559	205,517	117,594	94,906	259,359	117,456	-
Accounts Receivable, Net	389,022	13,170	15,775	-	17,928	669	5,334	20,512	391	-
Prepaid Expenses	1,838	-	-	230	-	-	-	3,471	600	145
Total Current Assets	1,227,462	4,459,032	3,164,047	210,953	238,436	212,020	121,809	369,696	229,660	14,539
NONCURRENT ASSETS										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	-	-
Notes Receivable and Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets not being Depreciated	1,115,635	962,027	702,000	162,767	465,000	363,581	48,706	285,850	188,664	-
Capital Assets being Depreciated, Net	1,330,201	12,278,778	4,287,848	1,093,485	7,181,261	1,092,288	1,135,266	1,831,044	478,155	4,913
Total Noncurrent Assets	2,445,836	13,240,805	4,989,848	1,256,252	7,646,261	1,455,869	1,183,972	2,116,894	666,819	4,913
Total Assets	$ 3,673,298	$ 17,699,837	$ 8,153,895	$ 1,467,205	$ 7,884,697	$ 1,667,889	$ 1,305,781	$ 2,486,590	$ 896,479	$ 19,452
LIABILITIES AND NET POSITION										
CURRENT LIABILITIES										
Accounts Payable	$ 17,316	$ 1,911,067	$ 992,260	$ 9,333	$ 203,472	$ 57,177	$ 432,821	$ 26,254	$ 2,101	$ 42,902
Accrued Interest Payable	8,378	31,545	13,182	1,978	12,098	5,526	596	1,822,695	1,024	-
Other Accrued Liabilities	-	-	-	-	-	-	-	-	870	-
Unearned Revenue	14,784	55,487	22,030	2,066	4,133	516	6,774	19,761	4,839	-
Deposits, Payable from Restricted Assets	56,308	241,131	114,313	4,920	56,021	11,872	8,807	41,370	5,400	-
Current Portion of Notes and Bonds Payable	96,627	233,394	111,137	23,109	89,170	85,663	59,999	-	25,109	-
Total Current Liabilities	193,413	2,472,624	1,252,922	41,406	364,894	160,754	508,997	1,910,080	39,343	42,902
NONCURRENT LIABILITIES										
Notes Payable	3,042,595	10,340,401	4,238,366	681,779	5,150,850	1,541,298	869,605	1,960,936	581,238	-
Bonds Payable	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	3,042,595	10,340,401	4,238,366	681,779	5,150,850	1,541,298	869,605	1,960,936	581,238	-
Total Liabilities	3,236,008	12,813,025	5,491,288	723,185	5,515,744	1,702,052	1,378,602	3,871,016	620,581	42,902
NET POSITION	437,290	4,886,812	2,662,607	744,020	2,368,953	(34,163)	(72,821)	(1,384,426)	275,898	(23,450)
Total Liabilities and Net Position	$ 3,673,298	$ 17,699,837	$ 8,153,895	$ 1,467,205	$ 7,884,697	$ 1,667,889	$ 1,305,781	$ 2,486,590	$ 896,479	$ 19,452

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING (CONTINUED)
DECEMBER 31, 2019

	Commercial Space at Lloyd Housing	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Totals
ASSETS AND DEFERRED OUTFLOWS										
CURRENT ASSETS										
Cash and Cash Equivalents	$ 1,318,435	$ 316,527	$ 62,297	$ 300,862	$ 30,991	$ 165,864	$ 690,567	$ 31,038	$ 194,906	$ 14,478,413
Cash and Cash Equivalents - Restricted	-	1,082,550	109,074	1,251,363	202,855	66,489	1,683,240	13,215	714,133	14,907,883
Accounts Receivable, Net	-	13,227	129	14,246	1,383	2,936	21,065	-	11,190	6,393,124
Prepaid Expenses	-	7,072	1,080	12,538	2,378	-	22,306	3,869	2,187	110,187
Total Current Assets	1,318,435	1,419,376	172,580	1,579,009	237,607	235,289	2,417,178	48,122	922,416	35,889,607
NONCURRENT ASSETS										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	-	300
Notes Receivable and Accrued Interest Receivable	-	3,610	-	-	-	-	-	-	-	3,610
Capital Assets not being Depreciated	1,753,530	682,386	225,000	406,124	400,390	90,000	1,997,915	931,700	958,489	16,223,386
Capital Assets being Depreciated, Net	-	2,438,329	1,317,166	3,680,627	1,924,843	881,211	8,524,717	914,664	2,986,369	71,416,781
Total Noncurrent Assets	1,753,530	3,124,325	1,542,166	4,086,751	2,325,233	971,211	10,522,632	1,846,364	3,944,858	87,644,077
Total Assets	$ 3,071,965	$ 4,543,701	$ 1,714,746	$ 5,665,760	$ 2,562,840	$ 1,206,500	$ 12,939,810	$ 1,894,486	$ 4,867,274	$ 123,533,684
LIABILITIES AND NET POSITION										
CURRENT LIABILITIES										
Accounts Payable	$ 44,816	$ 69,730	$ 13,296	$ 35,231	$ 52,303	$ 334,249	$ 158,360	$ 6,306	$ 40,351	$ 5,106,959
Accrued Interest Payable	-	30,102	1,265	65,236	97,926	1,421	129,959	-	110,885	5,841,288
Other Accrued Liabilities	-	-	4,405	-	442	5,817	-	-	-	44,683
Unearned Revenue	-	3,819	63	45,782	43	3,025	42,308	1	17,541	473,583
Deposits, Payable from Restricted Assets	-	112,479	16,646	75,530	21,356	1,525	158,904	4,755	13,675	1,332,016
Current Portion of Notes and Bonds Payable	-	388,078	34,635	121,334	60,671	20,535	701,205	-	94,602	2,944,519
Total Current Liabilities	44,816	604,208	70,310	343,113	232,741	366,572	1,190,736	11,062	277,054	15,743,048
NONCURRENT LIABILITIES										
Notes Payable	-	711,521	475,024	2,568,865	1,470,472	1,280,833	2,296,569	-	2,725,500	57,751,755
Bonds Payable	-	3,365,000	-	3,060,000	-	-	7,872,953	-	2,164,938	23,701,769
Total Noncurrent Liabilities	-	4,076,521	475,024	5,628,865	1,470,472	1,280,833	10,169,522	-	4,890,438	81,453,524
Total Liabilities	44,816	4,680,729	545,334	5,971,978	1,703,213	1,647,405	11,360,258	11,062	5,167,492	97,196,572
NET POSITION	3,027,149	(137,028)	1,169,412	(306,218)	859,627	(440,905)	1,579,552	1,883,424	(300,218)	26,337,112
Total Liabilities and Net Position	$ 3,071,965	$ 4,543,701	$ 1,714,746	$ 5,665,760	$ 2,562,840	$ 1,206,500	$ 12,939,810	$ 1,894,486	$ 4,867,274	$ 123,533,684

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING
YEAR ENDED DECEMBER 31, 2019

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
OPERATING REVENUES										
Dwelling Rental	$ 356,815	$ 412,270	$ 208,133	$ 266,010	$ 284,123	$ 540,411	$ 655,038	$ 1,752,328	$ 1,113,456	$ 860,154
Nondwelling Rental	25,022	345	74,984	4,095	330	148,490	1,557	24,823	10,599	136,694
HUD Operating Subsidies	879,520	203,481	679,391	961,792	-	-	-	-	-	-
Other	12,730	6,528	8,547	9,566	4,892	55,113	15,202	97,023	21,757	27,263
Total Operating Revenues	1,274,087	622,624	971,055	1,241,463	289,345	744,014	671,797	1,874,174	1,145,812	1,024,111
OPERATING EXPENSES										
Housing Assistance Payments	1,145	-	-	1,704	-	-	-	-	-	-
Administration	267,690	110,283	291,331	284,039	43,288	278,441	149,187	379,820	372,497	281,505
Finance Expense	-	-	-	-	-	-	-	-	-	-
Program Expense	2,094	44,874	-	630	-	18,524	459	5,251	-	-
Tenant Services	-	305	-	70	-	7,199	-	-	-	-
Utilities	116,695	58,018	147,432	106,868	41,774	114,636	78,556	208,448	149,374	162,453
Maintenance	218,762	273,967	136,489	246,050	58,313	(21,109)	171,379	337,579	236,188	157,054
Depreciation	20,676	181,651	49,636	122,298	75,338	120,336	148,783	394,424	303,950	193,972
General and Other	447,757	30,991	35,159	307,220	49,405	51,014	168,591	256,109	50,800	118,735
Total Operating Expenses	1,074,819	700,089	660,047	1,068,879	268,118	569,041	716,955	1,581,631	1,112,809	913,719
OPERATING INCOME (LOSS)	199,268	(77,465)	311,008	172,584	21,227	174,973	(45,158)	292,543	33,003	110,392
NONOPERATING REVENUES (EXPENSES)										
Investment Income	4,974	4,911	3,714	2,397	548	7,629	9,545	26,787	8,142	1,780
Interest Expense	-	(65,518)	-	-	(44,626)	(65,748)	(47,003)	(166,810)	(229,674)	(133,059)
Loss on Sale of Assets	-	-	-	-	-	(49,113)	-	(4,017)	-	-
Total Nonoperating Revenues (Expenses)	4,974	(60,607)	3,714	2,397	(44,078)	(107,232)	(37,458)	(144,040)	(221,532)	(131,279)
CAPITAL CONTRIBUTIONS										
Other Nonoperating Contributions	-	63,785	-	-	-	-	-	-	19,651	-
Total Capital Contributions	-	63,785	-	-	-	-	-	-	19,651	-
INCREASE (DECREASE) IN NET POSITION	204,242	(74,287)	314,722	174,981	(22,851)	67,741	(82,616)	148,503	(168,878)	(20,887)
Net Position - Beginning of Year	4,514,805	2,309,065	2,628,338	3,489,469	(216,584)	(892,087)	(142,858)	731,892	(3,209,264)	(611,849)
NET POSITION - END OF YEAR	$ 4,719,047	$ 2,234,778	$ 2,943,060	$ 3,664,450	$ (239,435)	$ (824,346)	$ (225,474)	$ 880,395	$ (3,378,142)	$ (632,736)

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial
OPERATING REVENUES										
Dwelling Rental	$ 833,713	$ 3,968,734	$ 2,184,768	$ 166,222	$ 397,171	$ 403,726	$ 191,850	$ 618,703	$ 185,574	$ -
Nondwelling Rental	2,050	36,072	5,670	10,394	3,491	-	55,847	1,240	267	35,174
HUD Operating Subsidies	-	39,512	44,141	-	-	-	3,581	-	-	-
Other	14,936	113,926	102,807	4,511	48,997	1,448	1,215	34,274	2,041	42,423
Total Operating Revenues	850,699	4,158,244	2,337,386	181,127	449,659	405,174	252,493	654,217	187,882	77,597
OPERATING EXPENSES										
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-
Administration	115,450	387,235	357,016	54,447	11,937	51,432	42,588	269,466	43,499	20,500
Finance Expense	-	-	-	-	120,949	-	-	-	-	-
Program Expense	-	5,565	1,402	-	17,173	-	-	-	-	-
Tenant Services	-	280	-	-	-	-	-	-	-	-
Utilities	88,911	395,189	147,592	32,087	39,004	62,513	64,026	108,801	31,312	47,881
Maintenance	135,743	652,293	378,013	40,935	50,583	39,274	84,384	147,820	57,203	37,871
Depreciation	158,697	856,744	431,994	131,908	137,222	113,256	63,903	126,320	79,261	454
General and Other	192,645	269,035	1,009,442	8,111	31,614	9,793	11,896	63,237	7,421	129
Total Operating Expenses	691,446	2,566,341	2,325,459	267,488	408,482	276,268	266,797	715,644	218,696	106,835
OPERATING INCOME (LOSS)	159,253	1,591,903	11,927	(86,361)	41,177	128,906	(14,304)	(61,427)	(30,814)	(29,238)
NONOPERATING REVENUES (EXPENSES)										
Investment Income	4,118	25,014	49,688	427	1,547	247	25	965	23	-
Interest Expense	(100,952)	(382,261)	(160,133)	(24,160)	(234,190)	(66,541)	(11,333)	(86,920)	(12,824)	-
Loss on Sale of Assets	-	(907,118)	(4,148)	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(96,834)	(1,264,365)	(114,593)	(23,733)	(232,643)	(66,294)	(11,308)	(85,955)	(12,801)	-
CAPITAL CONTRIBUTIONS										
Other Nonoperating Contributions	-	-	-	-	2,560,419	-	-	-	-	15,000
Total Capital Contributions	-	-	-	-	2,560,419	-	-	-	-	15,000
INCREASE (DECREASE) IN NET POSITION	62,419	327,538	(102,666)	(110,094)	2,368,953	62,612	(25,612)	(147,382)	(43,615)	(14,238)
Net Position - Beginning of Year	374,871	4,559,274	2,765,273	854,114	-	(96,775)	(47,209)	(1,237,044)	319,513	(9,212)
NET POSITION - END OF YEAR	$ 437,290	$ 4,886,812	$ 2,662,607	$ 744,020	$ 2,368,953	$ (34,163)	$ (72,821)	$ (1,384,426)	$ 275,898	$ (23,450)

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

	Commercial Space at Lloyd Housing	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Totals
OPERATING REVENUES										
Dwelling Rental	$ -	$ 1,477,841	$ 276,780	$ 1,107,680	$ 519,829	$ 141,641	$ 1,889,318	$ 83,213	$ 709,868	$ 21,605,369
Nondwelling Rental	-	2,370	-	49,267	-	160	303,832	-	1,067	933,840
HUD Operating Subsidies	-	-	(668)	-	-	-	-	-	-	2,810,750
Other	-	64,215	11,923	59,088	15,672	10,329	120,898	792	104,297	1,012,413
Total Operating Revenues	-	1,544,426	288,035	1,216,035	535,501	152,130	2,314,048	84,005	815,232	26,362,372
OPERATING EXPENSES										
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	2,849
Administration	-	399,271	65,959	353,937	120,949	24,825	376,225	19,138	161,919	5,333,874
Finance Expense	-	-	-	-	-	-	-	-	-	120,949
Program Expense	-	4,577	-	-	-	-	10,586	-	-	111,135
Tenant Services	-	-	615	-	-	-	-	-	-	8,469
Utilities	-	163,998	60,368	159,552	122,513	11,621	183,821	8,473	86,073	2,997,989
Maintenance	-	267,356	73,015	281,369	139,676	31,244	453,031	12,323	147,995	4,844,800
Depreciation	-	423,350	156,128	189,161	60,925	43,888	274,521	24,833	88,451	4,972,080
General and Other	-	76,025	14,205	112,013	28,023	8,692	221,723	63,682	53,358	3,696,825
Total Operating Expenses	-	1,334,577	370,290	1,096,032	472,086	120,270	1,519,907	128,449	537,796	22,088,970
OPERATING INCOME (LOSS)	-	209,849	(82,255)	120,003	63,415	31,860	794,141	(44,444)	277,436	4,273,402
NONOPERATING REVENUES (EXPENSES)										
Investment Income	-	28,588	93	8,355	902	122	51,610	23	9,699	251,873
Interest Expense	-	(189,492)	(15,573)	(145,491)	(74,451)	(17,461)	(336,616)	-	(162,587)	(2,773,423)
Loss on Sale of Assets	-	(7,312)	-	(29,131)	(11,826)	(3,378)	(190,464)	-	-	(1,206,507)
Total Nonoperating Revenues (Expenses)	-	(168,216)	(15,480)	(166,267)	(85,375)	(20,717)	(475,470)	23	(152,888)	(3,728,057)
CAPITAL CONTRIBUTIONS										
Other Nonoperating Contributions	-	-	-	-	-	-	-	-	-	2,658,855
Total Capital Contributions	-	-	-	-	-	-	-	-	-	2,658,855
INCREASE (DECREASE) IN NET POSITION	-	41,633	(97,735)	(46,264)	(21,960)	11,143	318,671	(44,421)	124,548	3,204,200
Net Position - Beginning of Year	3,027,149	(178,661)	1,267,147	(259,954)	881,587	(452,048)	1,260,881	1,927,845	(424,766)	23,132,912
NET POSITION - END OF YEAR	$ 3,027,149	$ (137,028)	$ 1,169,412	$ (306,218)	$ 859,627	$ (440,905)	$ 1,579,552	$ 1,883,424	$ (300,218)	$ 26,337,112

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – SPECIAL NEEDS HOUSING
DECEMBER 31, 2019

	Carriage Hill	Project Open Door	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 8,984	$ 52,574	$ 61,558
Cash and Cash Equivalents - Restricted	14,973	74,312	89,285
Accounts Receivable, Net	7,070	1,878	8,948
Total Current Assets	31,027	128,764	159,791
NONCURRENT ASSETS			
Capital Assets not being Depreciated	75,424	71,104	146,528
Capital Assets being Depreciated, Net	238,730	327,233	565,963
Total Noncurrent Assets	314,154	398,337	712,491
Total Assets	$ 345,181	$ 527,101	$ 872,282
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	$ 6,083	$ 4,090	$ 10,173
Accrued Interest Payable	64	115	179
Other Accrued Liabilities	325	439	764
Unearned Revenue	682	5,095	5,777
Deposits, Payable from Restricted Assets	-	2,082	2,082
Current Portion of Bond Payable - Partnerships	1,829	16,864	18,693
Total Current Liabilities	8,983	28,685	37,668
NONCURRENT LIABILITIES			
Notes Payable	203,967	121,372	325,339
Total Liabilities	212,950	150,057	363,007
NET POSITION	132,231	377,044	509,275
Total Liabilities and Net Position	$ 345,181	$ 527,101	$ 872,282

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – SPECIAL NEEDS HOUSING
YEAR ENDED DECEMBER 31, 2019

	Carriage Hill	Project Open Door	Total
OPERATING REVENUES			
Dwelling Rental	$ 25,089	$ 70,994	$ 96,083
Other	26,464	83	26,547
Total Operating Revenues	51,553	71,077	122,630
OPERATING EXPENSES			
Administration	129	1,033	1,162
Program Expense	8,884	9,199	18,083
Utilities	10,305	11,742	22,047
Maintenance	9,124	44,730	53,854
Depreciation	12,389	22,012	34,401
General and Other	60	9,546	9,606
Total Operating Expenses	40,891	98,262	139,153
OPERATING INCOME (LOSS)	10,662	(27,185)	(16,523)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	439	813	1,252
Interest Expense	(872)	(1,449)	(2,321)
Total Nonoperating Revenues (Expenses)	(433)	(636)	(1,069)
INCREASE (DECREASE) IN NET POSITION	10,229	(27,821)	(17,592)
Net Position - Beginning of Year	122,002	404,865	526,867
NET POSITION - END OF YEAR	$ 132,231	$ 377,044	$ 509,275

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INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Home Forward
Portland, Oregon

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated December 15, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Minimum Standards for Audits of Oregon Municipal Corporations*. Our auditors' report includes a reference to other auditors. Novogradac & Company LLP and Jones & Roth PC audited the financial statements of the aggregate discretely presented component units. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

Compliance

As part of obtaining reasonable assurance about whether Home Forward's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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In connection with our testing, nothing came to our attention that caused us to believe Home Forward was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of ORS as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Home Forward's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Home Forward's 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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Purpose of this Report

This report is intended solely for the information and use of the board of commissioners, management of Home Forward, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

Christian J. Rogers
CliftonLarsonAllen LLP

Portland, Oregon
December 15, 2020