

HOME FORWARD
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022



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**HOME FORWARD
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**HOME FORWARD
BOARD OF COMMISSIONERS, MANAGEMENT, AND GENERAL COUNSEL
YEAR ENDED DECEMBER 31, 2022**

BOARD OF COMMISSIONERS

Damien Hall Chair	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Matthew Gebhardt Vice Chair	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Jenny Kim Treasurer	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Tomi Rene Hettman Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Vivian Satterfield Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Rakeem Washington Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
Dina DiNucci Commissioner	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204

ADMINISTRATIVE OFFICER

Ivory Matthews Executive Director and Secretary/Treasurer	135 S.W. Ash Street, 6 th Floor Portland, Oregon 97204
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GENERAL COUNSEL

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

Board of Commissioners
Home Forward
Portland, Oregon

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Home Forward's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the 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, 2022, 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.

We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it related to the amounts included for those entities is based solely on the reports of the other auditors.

Basis for Opinions

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

The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2022, Home Forward adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow or resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this restatement.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Home Forward's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

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 (other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the other accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of the Board of Commissioners, management, and general counsel but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 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.

A handwritten signature in black ink that reads "Mandy L. Merchant". The signature is written in a cursive style with a large initial "M" and a long horizontal stroke at the end.

Mandy L. Merchant
CliftonLarsonAllen LLP

Portland, Oregon
September 28, 2023

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

This section includes a Management's Discussion and Analysis of Home Forward's financial performance during the period of January 1, 2022 to December 31, 2022. Please read it in conjunction with Home Forward's basic financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: 1. Management's Discussion and Analysis (this section), 2. The basic financial statements, and 3. Supplementary information (required and other).

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, as amended, the basic financial statements include its blended component units - Home Forward Development Enterprises, St. Francis LLC, Gateway Park Limited Partnership, Home Forward Community Partnerships, HF Insurance Group - and its 20 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 deferred outflows and liabilities and deferred inflows. 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 for the period of January 1, 2022 to December 31, 2022

Section 18 and Rental Assistance Demonstration - In April 2022, Home Forward converted four additional public housing properties consisting of 67 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 public housing property.

Dekum Court - In April 2022, Home Forward transferred phase two of the site on NE 27th Avenue to Dekum 2 Limited Partnership. This partnership will utilize 4% low-income housing tax credits to develop a new 187-unit affordable housing property.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

Transfer of Tax Credit Limited Partnership Interest - During fiscal year 2022, Home Forward Development Enterprises (HFDE), an existing blended component unit, acquired the limited partner's interest in the Trouton, Cecelia, and Haven apartments. Home Forward was already the general partner and as such, the apartments with a combined total of 425 units were added as blended component units. All of these tax credit partnerships were originally formed by Home Forward under Section 42 of the Internal Revenue Code.

Leasing Standard - During fiscal year 2022, Home Forward implemented new accounting standard GASB Statement No. 87, *Leases*.

Financial Highlights

Home Forward's Statement of Net Position reflects growth in net position during the period of January 1, 2022 to December 31, 2022. Specifically:

- Total assets and deferred outflows of resources increased \$28.5 million from \$634.8 million at January 1, 2021 to \$663.2 million at December 31, 2022, primarily due to the increase in capital assets for the acquisition of limited partner interest in the Trouton, Cecelia and Haven Limited Partnerships.
- Total liabilities and deferred inflows of resources increased \$16.8 million from \$240.8 million at January 1, 2021 to \$257.6 million at December 31, 2022, mainly due to the increase in Net Pension Liability offset by a decrease in Deferred Outflows of Resources – Pension, a decrease in unearned revenue due to the completion of local Covid programs and an increase of Deferred Inflows of Resources – Lease for the implementation of the GASB 87 leasing standard.
- Total operating revenues for the period January 1, 2022 to December 31, 2022 were \$242.8 million and total operating expenses were \$244.8 million. Operating results for this period resulted in operating loss of \$2.0 million. Nonoperating revenues/(expenses) were (\$8.0) million as a result of the acquisition of interest for Trouton, Cecelia and Haven Limited Partnerships, land lease expense for Lloyd Housing, offset by the gain on sale of assets for Dekum Court and Progress House. Overall, net position increased \$11.7 million.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

Condensed Statement of Net Position

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

(In Thousands of Dollars)	2022	2021	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	\$ 150,449	\$ 147,642	\$ 2,807
Noncurrent Assets	342,330	346,994	(4,664)
Capital Assets	156,349	130,515	25,834
Total Assets	<u>649,128</u>	<u>625,151</u>	23,977
Deferred Outflows of Resources	14,112	9,631	4,481
Total Assets and Deferred Outflows of Resources	<u>\$ 663,240</u>	<u>\$ 634,782</u>	<u>\$ 28,458</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 42,521	\$ 53,330	\$ (10,809)
Noncurrent Liabilities	182,747	172,291	10,456
Total Liabilities	<u>225,268</u>	<u>225,621</u>	(353)
Deferred Inflows of Resources	32,313	15,175	17,138
Total Liabilities and Deferred Inflows of Resources	<u>257,581</u>	<u>240,796</u>	16,785
Net Position			
Net Investment in Capital Assets	56,865	36,809	20,056
Restricted	29,477	48,454	(18,977)
Unrestricted	319,317	308,723	10,594
Total Net Position	<u>405,659</u>	<u>393,986</u>	11,673
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 663,240</u>	<u>\$ 634,782</u>	<u>\$ 28,458</u>

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

Year-End Financial Position

Current assets increased \$2.8 million during the period ending December 31, 2022. This increase was mainly due to an increase in cash reserves as a result of RAD and Section 18 proceeds offset by an increase in accounts receivable – tenants.

Non-current assets (other than capital assets) decreased by \$4.7 million mainly driven by decreases in Notes Receivable – Tax Credit Partnerships offset by an increase in Investment – Partnerships due to the acquisition of limited partner interest for Trouton, Cecelia and Haven and the addition of a Land Lease Note Receivable for the implementation of GASB 87.

Capital assets increased \$25.8 million mainly driven by annual depreciation of \$7.9 million, offset by the addition of Trouton, Cecelia, and Haven Limited Partnerships.

Current liabilities decreased \$10.8 million during the year, mainly due and increases in the Insurance Trust Account liability for Home Forward Insurance Group offset by a decrease in unearned revenues.

Non-current liabilities increased \$10.5 million during the year, mainly due to increases in net Bonds Payable, Deferred Inflows – Leases and Net Pension Liability offset by decreases in Deferred Inflows – Pension and Bonds Payable – Partnerships.

Net position at December 31, 2022 was \$405.7 million, an increase of \$11.7 million from the balance at December 31, 2021.

Capital Assets

At December 31, 2022, Home Forward had \$156.3 million of capital assets, an increase \$25.8 million since December 31, 2021. More detailed information about Home Forward's capital assets is presented in Note 9 to the financial statements.

(In Thousands of Dollars)	2022	2021	Increase (Decrease)
Land	\$ 38,756	\$ 38,787	\$ (31)
Construction in Progress	10,647	6,115	4,532
Total Capital Assets Not Being Depreciated/Amortized	49,403	44,902	4,501
Buildings and Improvements	278,448	198,800	79,648
Right to Use Assets - Buildings	97	-	97
Equipment	14,469	12,159	2,310
Right to Use Assets - Equipment	224	-	224
Accumulated Depreciation/Amortization	(186,292)	(125,346)	(60,946)
Total Capital Assets Being Depreciated/Amortized	106,946	85,613	21,333
Total Capital Assets, Net	<u>\$ 156,349</u>	<u>\$ 130,515</u>	<u>\$ 25,834</u>

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

Notes and Bonds Payable

At December 31, 2022, Home Forward had \$100.7 million of notes and bonds payable outstanding (*excluding bonds payable—partnerships*), an increase of \$4.8 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)	<u>2022</u>	<u>2021</u>	Increase (Decrease)
Current Portion of Notes and Bonds Payable	\$ 4,860	\$ 3,879	\$ 981
Notes Payable - Long-Term	69,525	70,827	(1,302)
Bonds Payable - Long-Term	<u>26,329</u>	<u>21,187</u>	<u>5,142</u>
Total Notes and Bonds Payable	<u>\$ 100,714</u>	<u>\$ 95,893</u>	<u>\$ 4,821</u>

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

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

Results of Operations

Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars)	<u>2022</u>	<u>2021</u>	<u>Change</u>
Operating Revenues			
Rental Revenue	\$ 24,056	\$ 22,400	\$ 1,656
HUD Subsidies and Grants	154,259	150,534	3,725
Development Fee Revenue	9,022	8,388	634
State, Local, and Other Grants	47,418	130,199	(82,781)
Other	8,080	9,642	(1,562)
Total Operating Revenues	<u>242,835</u>	<u>321,163</u>	<u>(78,328)</u>
Operating Expenses			
Housing Assistance Payments	165,596	233,506	(67,910)
Administration	23,103	19,142	3,961
Tenant Services	11,987	8,628	3,359
Program Expenses	15,676	11,332	4,344
Utilities	5,286	4,953	333
Maintenance	12,799	9,513	3,286
Depreciation/Amortization	7,913	7,609	304
Other	2,469	2,786	(317)
Total Operating Expenses	<u>244,829</u>	<u>297,469</u>	<u>(52,640)</u>
Operating Loss	(1,994)	23,694	(25,688)
Nonoperating Revenues (Expenses)			
Investment Income	5,270	1,040	4,230
Interest Expense	(2,687)	(2,714)	27
Investment in Partnership Valuation Charge	(15,708)	-	(15,708)
Financing Costs	(21)	(2)	(19)
Loss on Sale of Capital Assets	(230)	(950)	720
Gain on Sale of Capital Assets	5,347	23,951	(18,604)
Other Contributions Made	-	(2,515)	2,515
Total Nonoperating Expenses	<u>(8,029)</u>	<u>18,810</u>	<u>(26,839)</u>
Loss before Capital Contributions	(10,023)	42,504	(52,527)
Capital Contributions			
HUD Nonoperating Contributions	1,120	2,144	(1,024)
Other Nonoperating Contributions	21,295	-	21,295
Partner Contributions	(719)	-	(719)
Total Capital Contributions	<u>21,696</u>	<u>2,144</u>	<u>19,552</u>
Increase in Net Position	11,673	44,648	(32,975)
Net Position - Beginning of Year	<u>393,986</u>	<u>349,338</u>	<u>44,648</u>
Net Position - End of Year	<u>\$ 405,659</u>	<u>\$ 393,986</u>	<u>\$ 11,673</u>

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

Fiscal year 2022 generated operating loss of \$2.0 million, compared to an operating income of \$23.7 million in fiscal year 2021. Total operating revenues were \$78.3 million lower while operating expenses decreased by \$52.6 million.

Operating revenues of \$242.8 million decreased \$78.3 million from fiscal year 2021. This is mainly due to a \$82.8 million decrease in State, Local and Other grants administered by Home Forward to address the impact of the COVID-19 pandemic.

Total operating expenses were \$244.8 million, a decrease of \$52.6 million from the prior year. This decrease is primarily due to a \$67.9 million decrease in housing assistance payments offset by increases in administration, program, and other expenses due to inflation during the year.

Nonoperating revenues/(expenses) were \$8.0 million resulted in a net expense in the amount of \$8.0 million from the prior year. The decrease is primarily driven by a \$15.7 million non-cash expense for investment in partnership valuation charge for the purchase of limited partner interest in Trouton, Cecelia, and Haven low-income housing tax credit partnerships and offset by a \$5.3 million gain in capital assets.

During 2022, HUD nonoperating and other nonoperating contributions totaled \$21.2 million with funds supporting the capital work at the Dekum Court redevelopment project. This is an increase of \$19.1 million over the prior fiscal year.

The impact of the above activity was an increase in net position during fiscal year 2022 of \$11.7 million.

FORWARD LOOKING INFORMATION

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 final RAD/Section 18 closing is anticipated for the spring of 2023.

Transfer of Tax Credit Limited Partnership Interest

Home Forward acquired the limited partner's interest in The Jeffrey and the RAC Limited Partnerships in the first quarter of 2023. Both of these tax credit partnerships were originally formed by Home Forward under Section 42 of the Internal Revenue Code.

**HOME FORWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2022**

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.

**HOME FORWARD
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Home Forward	Discretely Presented Component Units
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 88,791,776	\$ 14,314,375
Cash and Cash Equivalents - Restricted	32,228,901	28,453,789
Investments - Unrestricted	5,584,993	-
Investments - Restricted	959,068	-
Accounts Receivable, Net	13,865,621	776,896
Due from Partnerships, Net	2,998,313	-
Prepaid Expenses	1,911,397	13,930,620
Current Portion of Lease Receivable	1,072,129	-
Current Portion of Notes Receivable - Partnerships, Net	3,037,248	-
Total Current Assets	150,449,446	57,475,680
NONCURRENT ASSETS		
Investments - Restricted	-	-
Notes and Accrued Interest Receivable	249,781,975	-
Notes Receivable - Partnerships, Net	51,601,406	-
Lease Receivable	9,124,684	-
Other Assets	-	9,202,895
Investments in Partnerships	31,263,823	-
Net OPEB Asset - RHIA	557,588	-
Capital Assets not being Depreciated	49,403,274	71,081,242
Capital Assets being Depreciated, Net	106,945,577	532,264,908
Total Noncurrent Assets	498,678,327	612,549,045
Total Assets	649,127,773	670,024,725
DEFERRED OUTFLOWS OF RESOURCES		
Related to Derivative Instruments	27,351	-
Pension Related	13,946,651	-
OPEB RHIA Related	11,822	-
OPEB HBRP Related	126,680	-
Total Deferred Outflows of Resources	14,112,504	-
Total Assets and Deferred Outflows of Resources	\$ 663,240,277	\$ 670,024,725

**HOME FORWARD
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022**

	Home Forward	Discretely Presented Component Units
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,451,175	\$ 14,126,516
Line of Credit	12,227,074	-
Accrued Interest Payable, Payable from Restricted Assets	751,581	15,555,925
Other Accrued Liabilities	7,472,225	29,061,719
Unearned Revenue	6,441,349	660,572
Deposits, Payable from Restricted Assets	4,602,320	403,092
Current Portion of Notes Payable	2,838,371	2,236,643
Current Portion of Bonds Payable	2,021,149	-
Current Portion of Bonds Payable - Partnerships	625,769	-
Current Portion of Lease Liability	90,163	34,343
Total Current Liabilities	42,521,176	62,078,810
NONCURRENT LIABILITIES		
Notes Payable - Long-Term	69,524,684	436,861,871
Bonds Payable - Long-Term	26,328,852	51,364,127
Bonds Payable - Partnerships	51,601,406	-
Accrued Interest - Long-Term	6,048,340	-
Net Pension Liability	28,250,387	-
Total OPEB Liability - HBRP	890,571	-
Derivative Instruments	27,351	12,000
Lease Liability - Long-Term	74,902	-
Total Noncurrent Liabilities	182,746,493	488,237,998
Total Liabilities	225,267,669	550,316,808
DEFERRED INFLOWS OF RESOURCES		
Pension Related	8,778,373	-
OPEB RHIA Related	151,347	-
OPEB HBRP Related	657,281	-
Prepaid Ground Leases	12,777,557	-
Lease Related	9,948,852	-
Total Deferred Inflows of Resources	32,313,410	-
Total Liabilities and Deferred Inflows of Resources	257,581,079	550,316,808
NET POSITION		
Net Investment in Capital Assets	56,864,686	112,883,509
Restricted:		
Net OPEB Asset	557,588	-
Real Estate Sale Proceeds	7,928,490	-
Residual Receipts	15,043	7,261,875
Funds Held in Trust	19,444,921	11,413,946
Unused PILOT Funds	337,529	-
Program Reserves	1,193,677	1,251,022
Total Restricted	29,477,248	19,926,843
Unrestricted	319,317,264	(13,102,435)
Total Net Position	405,659,198	119,707,917
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 663,240,277	\$ 670,024,725

HOME FORWARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022

	Home Forward	Discretely Presented Component Units
OPERATING REVENUES		
Dwelling Rental	\$ 21,201,049	\$ 34,613,883
Nondwelling Rental	2,854,984	431,084
HUD Operating Subsidies	147,685,278	1,687,749
HUD Grants	6,573,991	-
Development Fee Revenue	9,022,051	-
State, Local, and Other Grants	47,418,157	29,207
Other	8,080,409	848,755
Total Operating Revenues	242,835,919	37,610,678
OPERATING EXPENSES		
Housing Assistance Payments	165,595,819	1,261
Administration	23,103,346	6,013,906
Tenant Services	11,986,675	2,658,683
Program Expense	15,675,543	3,360,871
Utilities	5,286,096	7,069,381
Maintenance	12,799,369	10,247,285
Depreciation	7,912,831	21,057,521
General and Other	2,346,610	4,717,173
Impairment Loss	122,809	-
Total Operating Expenses	244,829,098	55,126,081
OPERATING LOSS	(1,993,179)	(17,515,403)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	5,269,687	463,369
Interest Expense	(2,687,334)	(9,347,217)
Investment in Partnership Valuation Charge	(15,708,048)	17,552,438
Financing Costs	(20,838)	-
Loss on Disposal of Capital Assets	(229,990)	(43,040)
Gain on Sale of Capital Assets	5,347,037	-
Total Nonoperating Revenues (Expenses), Net	(8,029,486)	8,625,550
LOSS BEFORE CAPITAL CONTRIBUTIONS	(10,022,665)	(8,889,853)
CAPITAL CONTRIBUTIONS		
HUD Nonoperating Contributions	1,120,258	-
Other Nonoperating Contributions	21,295,096	-
Partner Contributions	(719,238)	6,777,399
Total Capital Contributions	21,696,116	6,777,399
INCREASE (DECREASE) IN NET POSITION	11,673,451	(2,112,454)
Net Position - Beginning of Year	393,985,747	121,820,371
NET POSITION - END OF YEAR	\$ 405,659,198	\$ 119,707,917

See accompanying Notes to Financial Statements.

**HOME FORWARD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from HUD Grants	\$ 160,652,103
Receipts from State, Local, and Other Grants	44,862,959
Receipts from Tenants and Landlords	3,718,344
Receipts from Others	9,971,760
Receipt of Cash Restricted for Deposits Payable	1,384,025
Payments to Landlords	(155,225,263)
Payments to and on Behalf of Employees	(29,513,152)
Payments to Vendors, Contractors, and Others	(35,528,930)
Net Cash Provided by Operating Activities	<u>321,846</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from Line of Credit	7,975,296
Payments on Line of Credit	(7,691,329)
Net Cash Provided by Noncapital Financing Activities	<u>283,967</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Line of Credit	22,500,000
Payments on Line of Credit	(22,000,000)
Proceeds from Issuance of Notes Payable	1,000,000
Proceeds from Issuance of Bonds Payable	7,175,000
Proceeds from Issuance of Bonds Payable - Partnerships	4,186,957
Interest Paid on Notes and Bonds Payable	(2,177,076)
Principal Payments on Notes Payable	(1,686,327)
Principal Payments on Bonds Payable	(1,668,684)
Principal Payments on Bonds Payable - Partnerships	(7,960,916)
HUD Capital Contributions	853,364
Other Nonoperating Contributions, Net	20,575,858
Acquisition and Construction of Capital Assets	(13,548,641)
Proceeds from the Sale of Capital Assets	10,324,243
Payments on Right to Use Asset	(155,574)
Purchase of Limited Partnership Interest	2,187,667
Net Cash Provided by Capital and Related Financing Activities	<u>19,605,871</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(5,299,784)
Financing Fees Paid	(268,704)
Issuance of Notes Receivable	(25,652,360)
Issuance of Notes Receivable - Partnerships	(4,135,233)
Collections on Notes Receivable	(7,029,363)
Collections on Notes Receivable - Partnerships	7,932,094
Change in Due from Partnerships, Net	3,546,014
Change in Investments in Partnerships, Net	(3,244,207)
Investment Income Received	5,269,687
Net Cash Used by Investing Activities	<u>(28,881,856)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(8,670,172)

Cash and Cash Equivalents - Beginning of Year

129,690,849

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 121,020,677

See accompanying Notes to Financial Statements.

**HOME FORWARD
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
FROM OPERATING ACTIVITIES**

Operating Loss	\$ (1,993,179)
Adjustments to Reconcile Operating Loss to Cash Flows Used by Operating Activities:	
Depreciation and Amortization	7,912,831
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts Receivable, Net	(6,422,511)
Prepaid Expenses	1,121,400
Accounts Payable	(408,106)
Other Accrued Liabilities	3,516,891
Unearned Revenue	(4,394,699)
Deposits, Payable from Restricted Assets	1,380,553
Deferred Outflows of Resources - Pensions	(4,645,890)
Deferred Outflows of Resources - OPEB	79,794
Deferred Inflows of Resources - Pensions	(5,663,845)
Deferred Inflows of Resources - OPEB	75,669
Net Pension Liability	10,005,825
Net OPEB Asset and Net OPEB Liability	(242,887)
Net Cash Provided by Operating Activities	<u>\$ 321,846</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS

Change in Investment in Partnerships	\$ (15,708,048)
Total Noncash Transactions	<u>\$ (15,708,048)</u>

See accompanying Notes to Financial Statements.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 now a registered name of Home Forward. Home Forward is a municipal corporation located in Portland, Oregon.

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

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.

Home Forward Community Partnerships (HFCP), formerly known as Evergreen Housing was formed in 1988 to support Home Forward for charitable purposes as permitted by Section 501(c)(3) of the Internal Revenue Code. On December 2, 2015, Evergreen Housing changed its name to Home Forward Community Partnerships.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units (Continued)

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.

Cecelia Limited Partnership (Cecelia LP) was formed as a Tax Credit Limited Partnership on December 31, 2003 to construct a 131-unit apartment complex located in Portland, Oregon. On June 30, 2022, Banc of America-Alliant Tax Credit Fund XXVIII, Ltd. and Alliant ALP I-30, LLC transferred their interests as Investor Limited Partner and Administrated Limited Partner, respectively, to HFDE.

Haven Limited Partnership (Haven LP) was formed as a Tax Credit Limited Partnership on May 5, 2004 to construct a 44-unit apartment complex located in Portland, Oregon. On June 30, 2022, Banc of America-Alliant Tax Credit Fund XXVIII, Ltd. and Alliant ALP I-30, LLC transferred their interests as Investor Limited Partner and Administrated Limited Partner, respectively, to HFDE.

Trouton Limited Partnership (Trouton LP) was formed as a Tax Credit Limited Partnership on December 31, 2003 to construct a 250-unit apartment complex located in Portland, Oregon. On December 28, 2022, MMA Trouton, LLC and BFIM Special Limited Partner, Inc. transferred their interests as Investor Limited Partner and Special Limited Partner, respectively, to HFDE.

Home Forward Insurance Group LLC (HFIG) was formed December 14, 2022 to support Home Forward in long term risk management program savings through use of a formalized self-insurance program.

New Market West Management Services LLC (NMWMS) was formed on October 26, 2017 to support Home Forward by providing management services for housing projects, as defined in the Housing Authorities Law, which are owned by Home Forward and/or located within the area of Home Forward's operation, and by engaging or assisting in the development of operation of such public housing.

Home Forward is legally entitled to or can otherwise access the resources of HFDE, HFCP, HFIG, NMWMS, St. Francis, LLC, Gateway Park LP, Cecelia LP, Haven LP, and Trouton LP at the discretion of Home Forward management. Because HFDE, HFCP, HFIG, NMWMS, St. Francis, LLC, Gateway Park LP, Cecelia LP, Haven LP, and Trouton LP and Home Forward have this financial and operational relationship, generally accepted accounting principles requires that the financial statements of these entities be blended into the Home Forward financial statements.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 1115 SW 11th Avenue Limited Partnership
- Beech Street Limited Partnership
- Civic Redevelopment Limited Partnership
- East Group Limited Partnership
- Humboldt Gardens Limited Partnership
- 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
- Woolsey Limited Partnership
- Wests Limited Partnership
- Woods East Limited Partnership
- FP2 Limited Partnership
- 3000 Powell Limited Partnership
- Baldwin PSH Limited Partnership
- Central Group Limited Partnership
- Dekum 2 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, Home Forward administered approximately 11,500 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 7,208 units of housing. The Affordable Housing portfolio consists of 72 multifamily properties representing 6,673 units, of which 3,854 are owned through tax credit partnerships. The Special Needs portfolio consists of 30 properties representing 498 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.

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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 consist 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Effective March 1, 2020, the City of Portland released the Portland FAIR Ordinance which established new requirements for landlords related to interest earnings and reporting requirements for security deposits. Home Forward ceased collection of security deposits as of January 1, 2020; however, deposits collected before that date were grandfathered and continue to be 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 2,320 public housing units to various limited partnerships. 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. These balances are reported in Real Estate Sale Proceeds.

Section 18 Acquisition Proceeds are externally restricted funds which consist of net proceeds received from the sale of 1,199 public housing units to various limited partnerships. 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. These balances are reported in Real Estate Sale Proceeds.

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, 2022, the reserves were funded as required under the various agreements.

Program Reserves represents unspent funds that are held for future program use.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2022 was \$31,085.

In August 2020, the Board of Commissioners approved Resolution 20-08-02 authorizing Home Forward to establish a pure captive insurance limited liability company domiciled in the state of Hawaii. On December 24, 2020, HFIG was formed and licensed. The Captive is a Class 2 limited liability company managed by Home Forward as the sole member and will insure the risks of Home Forward and its affiliates. Pursuant to Hawaii Revised Statutes 431:19-104, HFIG's minimum required capital and surplus of \$500,000 was on deposit in the corporation's name at First Hawaiian Bank on December 24, 2020.

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 December 31, 2022, all of Home Forward's funds were collateralized.

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.

HF Insurance Group, LLC deposits cash and makes investment purchases in accordance with its Cash and Investment Policy. The policy defines how the funds are to be managed and invested by HFIG. The policy applies to activities of HFIG with regard to maintaining and investing the financial assets of operating funds, loss reserves, and other financial sources.

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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Net

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 19 limited partnerships, which are reported as Home Forward's discretely presented component units (see Note 8). 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.

Leases (Lessor)

The Authority determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position (see Note 7).

Lease receivables represent the Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Lessor) (Continued)

The Authority is the lessor of dwelling units to low-income and market rate residents. The low-income rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. A significant majority of the capital assets are used in these leasing activities. The Authority has recognized payments received for tenant and short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statement of net position.

Where the individual lease contracts do not provide information about the discount rate implicit in the lease, the Authority has elected to use their incremental borrowing rate of 2.50% to calculate the present value of expected lease payments.

Leases (Lessee/Right-to-Use Assets)

The Authority is a lessee for noncancelable leases of office space and office equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease and option years that the Authority is reasonably certain to exercise.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported as current and noncurrent on the statement of net position.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 three types of items that qualify 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. The deferred inflow related to leases is recognized as revenue over the life of the leases.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 17).

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 16).

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, 2022. As of December 31, 2022, unearned revenue consisted of the following:

Prepaid Annual Contributions	\$ 371,419
Unspent Funding	3,958,904
Prepaid Rent Revenue	<u>2,111,026</u>
Total Unearned Revenue	<u>\$ 6,441,349</u>

Other Accrued Liabilities – Current

Represents the current 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.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022 were \$2,108,789 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.

Effect of New Pronouncements

During the year ended December 31, 2022, Home Forward adopted Statement No. 87, *Leases*, which was effective for Home Forward beginning in fiscal year 2022. This statement requires recognition of certain lease assets and lease 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Home Forward adopted the requirements of the guidance effective for fiscal year ending December 31, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

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.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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 12. 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, 2022, Home Forward earned \$9,022,051 in developer fees and was paid \$9,424,008.

At December 31, 2022, the balance of the development fees owed to Home Forward is \$26.7 million. The fees are included within notes receivable on the statement of net position. 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 \$220,110 for the year ended December 31, 2022.

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, cash and investments consisted of the following:

Cash and Cash Equivalents	\$ 88,791,776
Cash and Cash Equivalents - Restricted	32,228,901
Total Cash and Cash Equivalents	<u>\$ 121,020,677</u>
Investments	\$ 5,584,993
Investments - Restricted	959,068
Total Investments	<u>\$ 6,544,061</u>

At December 31, 2022, 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, 2022, 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).

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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Investment Risk Disclosures (Continued)

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. As of December 31, 2022, Home Forward is not exposed to concentration risk.

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, 2022, 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 \$472,680 and \$486,388, respectively.

Investments restricted at December 31, 2022 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 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, 2022 as compared to December 31, 2021. Investments in derivatives are valued based upon quoted prices for similar assets in active markets.

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

Investments Not Subject to Fair Value Levels:

Certificate of Deposit	\$ 308,294
Guaranteed Investment Contract	472,680

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, 2022:

	<u>Total</u>	<u>Level 2</u>
Repurchase Agreement	\$ 486,388	\$ 486,388
U.S. Government Securities	494,211	494,211
U.S. Government Securities	4,782,488	4,782,488
Derivative Instrument	(27,351)	(27,351)

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of the year ended December 31, 2022:

HUD Grants	\$ 755,237
State, Local, and Other Grants	4,114,984
Tenants and Landlords	7,282,434
Development	420,866
Other	2,178,559
Total Accounts Receivable	<u>14,752,080</u>
Less: Allowances for Doubtful Accounts	<u>(886,459)</u>
Accounts Receivable, Net	<u><u>\$ 13,865,621</u></u>

NOTE 5 DUE FROM PARTNERSHIPS

Due from Partnerships consists of the following as of the year ended December 31, 2022:

Stephen's Creek Crossing North (4%)	\$ 68,437
Woolsey Limited Partnership	370,518
Stephen's Creek Crossing North (9%)	48,906
Square Manor Limited Partnership	218,539
Lloyd Housing Limited Partnership	135,745
North Group Limited Partnership	188,446
East Group Limited Partnership	103,521
Central Group Limited Partnership	351,043
Baldwin PSH Limited Partnership	223,666
3000 Powell Limited Partnership	342,843
All Other Partnerships	2,055,531
Total Due from Partnerships	<u>4,107,195</u>
Less: Allowances for Doubtful Accounts	<u>(1,108,882)</u>
Due from Partnerships, Net	<u><u>\$ 2,998,313</u></u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 NOTES RECEIVABLE AND ACCRUED INTEREST

Notes and accrued interest receivable consist of the following as of December 31, 2022:

Partnerships Notes	\$ 302,090,409
Homeowners Notes	<u>208,304</u>
Total Notes Receivable	302,298,713
Accrued Interest Receivable	14,691,456
Less: Allowances for Doubtful Accounts	<u>(12,569,540)</u>
Total Notes and Accrued Interest Receivables, Net	<u><u>\$ 304,420,629</u></u>

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 through 2074. As described in each note agreement, payments will be made from available cash flows.

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 LEASE RECEIVABLE

The Authority, acting as lessor, leases land and buildings under long-term, non-cancelable lease agreements. The leases expire at various dates through 2067 and provide for various renewal options.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,072,129	\$ 222,946	\$ 1,295,075
2024	983,848	197,836	1,181,684
2025	919,971	174,580	1,094,551
2026	893,419	152,855	1,046,274
2027	794,298	133,135	927,433
2028 - 2032	2,287,258	469,484	2,756,742
2033 - 2037	925,062	322,643	1,247,705
2038 - 2043	236,393	317,531	553,924
2043 - 2047	241,764	361,699	603,463
2048 - 2052	252,157	299,771	551,928
2053 - 2057	360,395	177,349	537,744
2058 - 2062	566,343	119,970	686,313
2063 - 2067	663,776	34,821	698,597
Total Minimum Lease Payments	<u><u>\$ 10,196,813</u></u>	<u><u>\$ 2,984,620</u></u>	<u><u>\$ 13,181,433</u></u>

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 INVESTMENTS IN PARTNERSHIPS

Investments in partnerships consist of the following as of December 31, 2022:

Investments in Limited Liability Partnerships

RAC Housing Limited Partnership	\$ 21,185,477
The Jeffrey Limited Partnership	50,931
The Morrison Limited Partnership	25,998
St. Francis Park Limited Partnership	442,811
Square Manor Limited Partnership	291,673
Central Group Limited Partnership	73
Baldwin Limited Partnership	100
Powell Limited Partnership	100
Fountain Place 2	38
Lloyd Housing Limited Partnership	7,176,809
Dekum Court	<u>2,089,813</u>
Total Investments in Partnerships	<u><u>\$ 31,263,823</u></u>

NOTE 9 CAPITAL ASSETS AND LEASES

Land, structures, and equipment activity of Home Forward was as follows for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Disposals	Transfers	Component Unit Transfer	Balance, December 31, 2022
Land	\$ 38,787,284	\$ -	\$ (31,036)	\$ -	\$ -	\$ 38,756,248
Construction in Progress	6,115,244	12,116,386	(5,723,774)	(1,860,830)	-	10,647,026
Total Capital Assets Not Being Depreciated/Amortized	44,902,528	12,116,386	(5,754,810)	(1,860,830)	-	49,403,274
Buildings and Improvements	198,800,193	1,377,112	(230,806)	1,421,613	77,079,711	278,447,823
Right to Use Assets - Buildings	-	96,748	-	-	-	96,748
Equipment	12,158,480	55,143	(160,983)	439,217	1,977,136	14,468,993
Right to Use Assets - Equipment	-	223,891	-	-	-	223,891
	<u>210,958,673</u>	<u>1,752,894</u>	<u>(391,789)</u>	<u>1,860,830</u>	<u>79,056,847</u>	<u>293,237,455</u>
Less Accumulated Depreciation/Amortization:						
Buildings and Improvements	(115,315,104)	(7,319,174)	916,076	-	(51,975,970)	(173,694,172)
Right to Use Assets - Buildings	-	(67,957)	-	-	-	(67,957)
Equipment	(10,031,067)	(450,477)	23,327	-	(1,996,309)	(12,454,526)
Right to Use Assets - Equipment	-	(75,223)	-	-	-	(75,223)
	<u>(125,346,171)</u>	<u>(7,912,831)</u>	<u>939,403</u>	<u>-</u>	<u>(53,972,279)</u>	<u>(186,291,878)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>85,612,502</u>	<u>(6,159,937)</u>	<u>547,614</u>	<u>1,860,830</u>	<u>25,084,568</u>	<u>106,945,577</u>
	<u><u>\$ 130,515,030</u></u>	<u><u>\$ 5,956,449</u></u>	<u><u>\$ (5,207,196)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,084,568</u></u>	<u><u>\$ 156,348,851</u></u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 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, 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, 2022, gross draws, including initial draws and draws after repayments, on the line of credit were \$22,500,000 which represents both principal and accrued interest. The remaining outstanding line of credit balance for December 31, 2022 was \$5,000,000.

A summary of activity for Home Forward's line of credit for year ended December 31, 2022 is as follows:

Balance January 1, 2022	Draws	Repayments	Balance December 31, 2022
\$ 4,500,000	\$ 22,500,000	\$ (22,000,000)	\$ 5,000,000

Home Forward has a 10-year, \$20,000,000 real estate revolving line of credit, maturing December 20, 2028. 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, 2022, gross draws, including initial draws and draws after repayments, on the line of credit were \$7,975,296 which represents both closing costs and accrued interest. The remaining outstanding line of credit balance for the year ended December 31, 2022 was \$7,227,074.

A summary of activity for Home Forward's line of credit for the year ended December 31, 2022 is as follows:

Balance January 1, 2022	Draws	Repayments	Balance December 31, 2022
\$ 6,943,107	\$ 7,975,296	\$ (7,691,329)	\$ 7,227,074

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 NOTES PAYABLE

Notes payable of Home Forward consist of the following as of December 31, 2022:

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Schiller Way	1.50 %	2030	Monthly	Deed of Trust	Borrower fails to pay principal and interest and doesn't cure within 15 days after due date and Lender may declare all sums owed.	If Borrower becomes insolvent all principal and interest become automatically due	N/A	\$ 287,121
Richmond Place	3.00	Sale of Property	Cash Flow	Deed of Trust	Beneficiary may declare all principal balance and accrued interest due immediately if loan payments are not paid by due date; beneficiary may take possession of property and collect all rents Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement, Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period; if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days. Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement, Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period; if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days. Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property.	Failure to disclose (any misrepresentation), beneficiary has the option to declare all principal balance and interest immediately due	N/A	862,042
Turning Point	7.49	2032	Monthly	Secured by Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing and a Pledge and Security Agreement	Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement, Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period; if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days. Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement, Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period; if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days. Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property.	Not applicable	N/A	269,474
Willow Tree	4.42	2036	Monthly	Secured by Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing and a Pledge and Security Agreement	Borrower fails to pay any amount within 10 days of due date and Lender may declare entire loan due and payable; Borrower fails to perform or comply with any other covenant or condition under agreement, Borrower fails to show evidence of full or substantial compliance with governmental authority over property and not cured in 30 day period; if property is seized by any governmental agency, material adverse change in financial condition of borrower and not remedied within 30 days. Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property.	Not applicable	N/A	464,485
Cambridge Court	1.00	2032	Monthly	Lender has a lien on the land and all improvements and a security interest in personal property	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property.	Not applicable	N/A	328,292
Cambridge Court	-	2032	Cash Flow	Lender has a lien on the land and all improvements and a security interest in personal property	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclosure of property.	Not applicable	N/A	395,975
Fenwick Apts	3.77	2025	Monthly	Trust deed, security agreement, assignment of leases and rents, and fixture filing	Borrower fails to make payment of any amount payable under this loan entire indebtedness becomes immediately due. Failure to pay sum due under this agreement within 10 days, failure to pay general debts when due, failure to comply with covenants under agreement and not cured within 30 days, failure to obtain lender's consent to transaction (sale, transfer of proceeds from agreement), failure to disclose material facts, default under other loans, default by guarantor or failure to replace guarantor within 90 days. Lender may declare the entire remaining balance of principal and interest due immediately. Lender can place a lien on the land and all buildings and improvements. Lender may take action to recover monetary damages caused by violation or attempted violation of any covenant, condition, agreement or obligation. Damages can include but not be limited to all costs, expenses, including but not limited to staff and administrative expenses, fees including legal.	Not applicable	N/A	887,336
Fenwick Apts	-	Sale of Property	Cash Flow	Security agreement in property including accessories, additions, replacements and accession now and hereinafter affixed connected to property	Failure to pay sum due under this agreement within 10 days, failure to pay general debts when due, failure to comply with covenants under agreement and not cured within 30 days, failure to obtain lender's consent to transaction (sale, transfer of proceeds from agreement), failure to disclose material facts, default under other loans, default by guarantor or failure to replace guarantor within 90 days. Lender may declare the entire remaining balance of principal and interest due immediately. Lender can place a lien on the land and all buildings and improvements. Lender may take action to recover monetary damages caused by violation or attempted violation of any covenant, condition, agreement or obligation. Damages can include but not be limited to all costs, expenses, including but not limited to staff and administrative expenses, fees including legal.	Not applicable	N/A	1,159,003
Fenwick Apts	3.00	2034	Monthly	Trust Deed, Security interest in personal property collateral	Failure to pay sum due under this agreement within 10 days, failure to pay general debts when due, failure to comply with covenants under agreement and not cured within 30 days, failure to obtain lender's consent to transaction (sale, transfer of proceeds from agreement), failure to disclose material facts, default under other loans, default by guarantor or failure to replace guarantor within 90 days. Lender may declare the entire remaining balance of principal and interest due immediately. The Trustee at Lender's direction shall have the right to foreclose by notice and sale of property. Upon any occurrence of any Event of Default interest shall accrue on the unpaid principal balance at a rate equal to the less of four percentage points above the current rate. Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, title is free of encumbrance, pay liens, taxes and assessments, abide by loan agreement covenants, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	104,843
Helen Swindells	3.00	2023	Cash Flow	Trust Deed in the property and all tenements along with leases and rents of the property	Failure to pay sum due under this agreement within 10 days, failure to pay general debts when due, failure to comply with covenants under agreement and not cured within 30 days, failure to obtain lender's consent to transaction (sale, transfer of proceeds from agreement), failure to disclose material facts, default under other loans, default by guarantor or failure to replace guarantor within 90 days. Lender may declare the entire remaining balance of principal and interest due immediately. The Trustee at Lender's direction shall have the right to foreclose by notice and sale of property. Upon any occurrence of any Event of Default interest shall accrue on the unpaid principal balance at a rate equal to the less of four percentage points above the current rate. Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, title is free of encumbrance, pay liens, taxes and assessments, abide by loan agreement covenants, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	1,483,870

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Helen Swindells	3.00	2023	Cash Flow	Trust Deed in the property and all tenements along with leases and rents of the property	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, title is free of encumbrance, pay liens, taxes and assessments, abide by loan agreement covenants, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	\$ 600,451
Kelly Place	4.80	2028	Monthly	Trust Deed covering the real property and other collateral	Borrower fails to perform any obligation to pay principal or interest and doesn't cure within 15 days when due. Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or place a lien on the property.	If Borrower becomes insolvent, all sums of principal and interest under the Note become automatically due and payable	N/A	175,284
James Hawthorne	-	Sale of Property	Cash Flow	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents	Failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or place a lien on the property.	Not applicable	N/A	5,728,950
North Interstate	-	Sale of Property	Cash Flow	Trust Deed	Not applicable	Not applicable	N/A	912,948
Yards at Union Station	1.00	2027	Monthly	Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rents	Borrower fails to pay obligations under note when due, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale. Upon the event of default, interest can be increased 4 percentage points above the current interest rate.	Not applicable	N/A	522,550
Pearl Court	3.00	2027	Monthly	Trust Deed, Security Agreement, UCC1	An event of default is constituted as the following: failure to make any payment when due any loan documents and not cured within 10 days, failure to perform any covenant, agreement or obligation under any of the Loan Documents if not cured within 60 days will lead to the declaration any or all indebtedness secured by the Trust to be due and payable immediately, foreclose the trust deed as a mortgage, cause any or all of the property to be sold under the power of sale, elect to exercise its right with respect to Leases & Rents.	Not applicable	Acceleration of the entire unpaid principal balance of the Note and other indebtedness secured by the Trust Deed securing this note upon any sale or transfer is automatic	298,934
Peter Paulson	7.91	2024	Cash Flow	Trust Deed and assignment of leases and collection of rents	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, pay liens, taxes and assessments, abide by loan agreement covenants, monthly reserve is maintained by borrower, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	1,021,301
Peter Paulson	0.50	2024	Cash Flow	Trust Deed and assignment of leases and collection of rents	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, pay liens, taxes and assessments, abide by loan agreement covenants, monthly reserve is maintained by borrower, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	250,000
Peter Paulson	-	2024	Cash Flow	Trust Deed and assignment of leases and collection of rents	Failure to abide by any covenants of trust deed (payment of all amounts under trust deed, maintain property, maintain insurance, pay liens, taxes and assessments, abide by loan agreement covenants, monthly reserve is maintained by borrower, senior liens are kept current, further encumbrances need prior written consent of Lender) will make entire principal balance due immediately. Failure to disclose any fact material to the making of the loan Lender has the option to declare unpaid principal balance due in entirety.	Not applicable	N/A	689,635
Schiller Way	-	Sale of Property	Cash Flow	Not applicable	Events of default are constituted as follows: failure to pay any sum due under agreement within 10 days of due date, failure to comply with covenants, failure to obtain Loan provider's consent in sale, transfer or assignment of proceeds, failure to comply with agreement, failure to pay general debts when due, failure to disclose material facts, default under other grants, default by guarantor or failure to replace guarantor will cause the entire remaining unpaid balance immediately due and loan will become lien on the property.	Not applicable	N/A	505,351
SW 45th (Carriage Hill Apts)	-	Sale of Property	Cash Flow	Line of credit trust deed, security agreement, fixture and filing and assignment of leases and rents	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property.	Not applicable	N/A	178,241

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SW 45th (Carriage Hill Apts)	3.00	2032	Monthly	Line of credit trust deed, security agreement, fixture and filing and assignment of leases and rents	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property.	Not applicable	N/A	\$ 22,048
Willow Tree	-	2035	Cash Flow	Line of credit trust deed, security agreement, fixture and filing and assignment of leases and rents	Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, failure by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property.	Not applicable	N/A	116,642
Fairview Oaks & Woods	3.05	2047	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	Events of default include: borrower fails to pay or deposits amounts when due under the note, fraud or material misrepresentation or material omission by borrower or any of its officers, directors, members, commencement of a foreclosure action or proceeding, any material failure by Borrower to comply obligations under Security Instrument, failure by borrower to perform obligations under regulatory agreement will be cured.	Not applicable	If a monetary event of default occurs for a period of 30 days, the entire unpaid principal balance and any accrued interest and all other amounts payable to becomes due and payable	9,956,091
Rockwood Station	3.58	2047	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	Events of default include: borrower fails to pay or deposit amounts when due under the note, fraud or material misrepresentation or material omission by borrower or any of its officers, directors, members, commencement of a foreclosure action or proceeding, any material failure by Borrower to comply obligations under Security Instrument, failure by borrower to perform obligations under regulatory agreement will be cured.	Not applicable	If a monetary event of default occurs for a period of 30 days, the entire unpaid principal balance and any accrued interest and all other amounts payable to becomes due and payable	4,022,302
Rockwood Station (Mpower)	6.00	2025	Monthly	Security interest in the Efficiency Measures, Memo of ESA	Events of default constitute: Non payment of debt payment, other non compliance of any other covenant under agreement or other loan documents (30 days to satisfy covenant), non compliance with governmental regulations, (30 days to cure), untruth of representations and warranties, default under other financing, bankruptcy, reorganization or dissolution, attachment (levied against all or part of the property), transfer of the project property without written consent of Lender can lead to Lender declaring all sums of note and other loan documents due and payable.	Not applicable	Lender may declare note due and payable in full if the following occur: sale or transfer by Borrower not approve by Lender, Borrower's failure to make any payment within 10 days of due date, and other default or breach of any term in the Note or other Loan documents	46,704
Hawthorne Home	6.00	2029	Monthly	Trust Deed	Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, Borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	29,611
Madison Home	6.00	2029	Monthly	Deed of Trust	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, Borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	29,306
North Interstate	6.00	2033	Monthly	Deed of Trust	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. Payment among default must include the sums required to be paid in the event of any prepayment of debt. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately: Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	314,412

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Project Open Door	1.00	2027	Monthly	Trust Deed	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. Payment among default must include the sums required to be paid in the event of any prepayment of debt. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately; Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	\$ 87,135
Taylor Home	7.00	2029	Monthly	Deed of Trust	If default occurs in payment of any installment and is not cured before next installment date the unpaid balance of principal and interest become due and payable without notice. Payment among default must include the sums required to be paid in the event of any prepayment of debt. All costs of collection during default including attorney fees will be added to the principal balance of the note. Events of default that can potentially lead to all sums due immediately; Borrower defaults in the performance on any of its covenants or agreements in the loan or trust deed, any representation made to the Lender that proves to be incorrect in any material respect when made, any authorization to comply with its obligation fails to be timely issued which interferes with compliance, borrower petitions for bankruptcy, reorganization, Borrower liquidates or dissolves, borrower effects a change of ownership or transfers interest in properties, borrower fails to terminate management agreement after request by Lender.	Not applicable	N/A	28,419
Ashcreek Commons	0.04	2034	Monthly	Deed of Trust	Events of default can allow Lender to declare all sums owed this loan and other loan documents. Events of default include: Borrower fails to pay when due any sums payable under Note or any other Loan document, performance of obligations to cure failure in cure period provided, recording of any claim of lien on property (for more than 20 days), failure of any representation or warranty of Borrower in any of the Loan documents and continuation of failure for 10 days, material adverse change in financial condition of Borrower, voluntary bankruptcy, insolvency or dissolution, involuntary bankruptcy, material management or organization change in Borrower which Lender determines has a material adverse effect on the loan, the failure of the Deed of Trust to be a valid first lien upon property, discovery of any significant hazards materials on proeroct, unsecured indemnity agreement, Borrower fails to pay obligations under note when due within 10 days of due date, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with note, loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, may lead to Lender declaring all unpaid balance due immediately or foreclose by notice and sale on the property.	Not applicable	If Borrower fails to pay when due any sums payable or a Default occurs Lender may declare all sums owing immediately due and payable	1,362,657
Ainsworth Court	-	2052	Cash Flow	Subordination agreement to be secured by certain liens and encumbrances against the property, Lien on the land	if an event of default has occurred, the entire unpaid principal balance of the mortgage loan, any accrued interest, interest accruing at the default rate, the prepayment premium (if applicable) at the option of Lender shall be immediately due and payable without notice to Borrower. In addition Lender shall have rights and remediate including foreclosure on and/or the power of sale of the property. The following events are events of default: failure by Borrower to pay or deposit when due amounts required the Note or any other Loan document, failure of Borrower to maintain insurance coverage, failure by Borrower to maintain property as single asset status, any warranty or representation is false or inaccurate, fraud, gross negligence or will misconduct or material misrepresentation (including on financial statements, rent rolls or other report information, request from Lender in regards to disbursements from Replacement Account Funds), occurrence of any transfer not permitted by Loan Document, occurrence of a bankruptcy event, commencement of forfeiture action (whether civil or criminal) which could lead to forfeiture of the property or impair the lien on the property, any failure by Borrower to complete any repair related to fire, life or safety issues within terms of Loan agreement, and any exercise by the holder of any debt instrument secured by mortgage or deed on the property of a right to declare all amounts due immediately	Not applicable	N/A	1,049,004
Ainsworth Court	4.77	2034	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	if an event of default has occurred and is continuing the entire unpaid principal balance of the loan, any accrued interest, interest accruing at the default rate or prepayment premium (if applicable) and all other indebtedness at the option of Lender is immediately due and payable without prior written consent to Borrower.	Not applicable	1,734,731	

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Madrona Apartments	5.31	2034	Monthly	Multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing	If default has occurred, the unpaid principal balance on the mortgage loan, accrued interest, and interest on the unpaid principal balance (if applicable) at the option of Lender shall be immediately due & payable without notice. Lender shall have rights and remedies including foreclosure on and/or the power of sale of the property. The events of default are: failure by Borrower to pay or deposit when due amounts required by the Note or any other Loan document; failure of Borrower to maintain insurance coverage; failure by Borrower to maintain property as single asset status, any warranty or representation is false or inaccurate, fraud, gross negligence or will misconduct or material misrepresentation (including on financial statements, rent rolls or other report information, request from Lender in regards to disbursements from Replacement Account Funds), occurrence of any transfer not permitted by Loan Document, occurrence of a bankruptcy event, commencement of forfeiture action (civil or criminal) leading to forfeiture of the property or impair the lien on the property, any failure by Borrower to complete any repair related to fire, life or safety issues within terms of Loan agreement, a right to declare all amounts due immediately. Failure to perform the covenants and conditions in trust deed shall give the option to declare the unpaid balance due on the Note immediately. If any material fact is not disclosed all indebtedness can be due and payable and the trust deed may be foreclosed on including the recouping of reasonable expenses such as attorney fees.	Not applicable	If an event of default has occurred and is continuing the entire unpaid principal balance of the loan, any accrued interest, interest accruing at the default rate or prepayment premium (if applicable) and all other indebtedness at the option of Lender is immediately due and payable without prior written consent to Borrower.	\$ 1,026,475
Kelly Place (Multnomah)	-	2046	Maturity Date	Trust deed	Events of default include: failure to pay any of the obligations of the loan before due date, the occurrence of a breach of covenant, agreement, condition, provision, representation or warranty contained in Trust Deed or any Loan documents, or a writ of execution or any similar process shall be issued against or any part or interest in the estate or any judgment involving monetary damages that become a lien on the property. In the case of these acceleration of all debt occurs and is immediately due and payable, lender can take possession of all or any part of the property, lender can foreclose the property and sale under applicable law. Lender can take over management, rents and revenues of the property.	Not applicable	N/A	350,456
Rockwood Landing	-	2058	Maturity Date	Trust deed, security agreement, and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	150,000
Gretchen Kafoury	3.00	2031	Maturity Date	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantors or failure to replace guarantor may lead to Lender declaring all unpaid balance due immediately.	Not applicable	N/A	2,664,000
Stephens Creek Crossing	-	2014	Converts to Grant	Pledge Agreement of Assets	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantors or failure to replace guarantor may lead to Lender declaring all unpaid balance due immediately.	Not applicable	N/A	1,798,318
Hamilton West	3.00	2031	Monthly	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantors or failure to replace guarantor may lead to Lender declaring all unpaid balance due immediately.	Not applicable	N/A	432,298
Hamilton West	-	Sale of Property	Cash Flow	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Events of default constitute: Non payment of debt payment, other non compliance of any other covenant under agreement or other loan documents (30 days to satisfy covenant), non compliance with governmental regulations, (30 days to cure), untruth of representations and warranties, default under other financing, bankruptcy, reorganization or dissolution, attachment (levied against all or part of the property), transfer of the project property without written consent of Lender can lead to Lender declaring all sums of note and other loan documents due and payable.	Not applicable	N/A	2,039,641
Helen Swindells (Mpower)	6.00	2024	Monthly	Security interest in the Efficiency Measures, Memo of ESA			Lender may declare note due and payable in full if the following occur: sale or transfer by Borrower not approved by Lender, Borrower's failure to make any payment within 10 days of due date of payment, and other default or breach of any term in the Note or other Loan documents	19,315

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Rockwood Landing (Mpower)	6.00	2025	Monthly	Security interest in the Efficiency Measures, Memo of ESA	Events of default constitute: Non payment of debt payment, other non compliance of any other covenant under agreement or other loan documents (30 days to satisfy covenant), non compliance with governmental regulations. (30 days to cure), untruth of representations and warranties, default under other financing, bankruptcy, reorganization or dissolution, attachment (levied against all or part of the property), transfer of the project property without written consent of Lender can lead to Lender declaring all sums of note and other loan documents due and payable.	Not applicable	Lender may declare note due and payable in full if the following occur: sale or transfer by Borrower not approved by Lender, Borrower's failure to make any payment within 10 days of due date of payment, and other default or breach of any term in the Note or other Loan documents	\$ 20,252
Rockwood Landing	3.05	2029	Monthly	Deed of Trust, Security Agreement and Fixture Filing, Assignment of Leases and Rents	In any event representation or warranty shall be found untrue or performance of any obligation, term, covenant or warranty shall constitute default under the Note and Deed of Trust can declare all sums secured immediately due and payable	Not applicable	N/A	230,875
St. Francis LLC	3.38	2050	Monthly	Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing	Events of default: Monetary Default (failure to pay sums when due required under the Note), fraud or material misrepresentation in regards to i) loan application, ii) financial statement or rent, iii) the commencement of a forfeiture action or proceeding, iv) any material failure to perform or comply with any of its obligation under Security Instrument, v) failure to perform any HUD obligations under the Regulatory Agreement can lead to the immediate payment of unpaid principal and accrued interest.	Not applicable	If a Monetary Event of Default occurs (and continues for 30 days) the entire unpaid principal balance, any accrued interest will become due & payable.	3,433,205
Sequoia Square	3.00	2031	Monthly	Line of Credit Trust Deed, Security Agreement, Fixture Filing and Assignment of Leases and Rent	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	53,580
St Francis LLC	-	Sale of Property	Cash Flow	Trust Deed and Assignment of Leases	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	5,194,028
Sequoia Square	8.08	2031	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	484,694
Sequoia Square	3.99	2031	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan, agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	291,234
Sequoia Square	-	Sale of Property	Cash Flow	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	514,486

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 NOTES PAYABLE (CONTINUED)

Property	Interest Rate	Final Maturity Date*	Payment Terms	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Lovejoy Station	3.00	2032	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Borrower fails to pay obligations under note when due within 10 days, failure to comply with covenants (cure within 30 days), fails to obtain lender's consent to transaction, failure to comply with loan agreement or trust deed, failure to pay general debts when due, failure to disclose material facts, default under other loans, default by guarantor or to replace guarantor, filing of bankruptcy, commencement of action against Borrower in regards to insolvency, bankruptcy, reorganization or liquidation results may lead to Lender declaring all unpaid balance due immediately or foreclose on the property.	Not applicable	N/A	\$ 1,657,746
Development non-capital Proj	-	2023	Maturity Date	Security for predevelopment loan, grant of security interest	Failure to pay obligations when due, failure to comply with covenants, failure to pay general debts when due, failure to disclose material facts, failure to diligently pursue the project, and default under other loans. Default may lead to lender declaring the entire remaining unpaid balance of principal, interest and other charges to be immediately due and payable in full, or may result in interest accruing on the unpaid principal at a rate of 12% per year from date of default until paid in full. Events of default include: failure to pay principal or interest on debt when (within 5 days of due date), the trust estate or any portion is transferred in violation of sale or increase in interest rate on sale, failure to perform or comply with any other covenant in Deed of Trust (fails to cure within 30 days), writ of execution or attachment is levied against the property or any judgment involving monetary damages against property and a lien is placed on the property, event of default within the Loan agreement occurs, breach or default under any mortgage, trust deed or lien on the property that is either senior or subordinate to the Trust Deed can lead to entire indebtedness becoming immediately due and payable or the right to foreclose by judicial foreclosure on the property or a trustee will be designated to sell property.	Not applicable	N/A	1,000,000
The Alexis	2.78	2040	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Default in the performance or any of its covenants or agreements in any loan document, any representation to current or historical information in regards to certificate, notice report or financial statement that is incorrect in any material respect, any authorization now or hereafter necessary to enable Borrower to comply with obligations under the Trust Deed or Note fails to be timely issued or granted, Borrower becomes bankrupt, insolvent, winding up or reorganization, Borrower receives a proceeding in court for liquidation, dissolution or the readjustment of debts, Borrower effects a change of ownership or transfers any interest without prior written consent, Borrower fails to terminate Property management agreement after request of Lender or makes new satisfactory arrangements for a new management agent which allows Lender to declare all or any portion of debt immediately due and payable, the Lender can take possession of the property and collect rents, the Lender will be empowered to foreclose on Property and sell the Property.	Not applicable	N/A	4,963,997
Gateway Park	5.10	2033	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Event of default: maker fails to pay all or any other portion due within 10 days after written notice, makers fails to pay the outstanding balance on maturity date, event of default defined under deed of trust.	Not applicable	N/A	4,193,169
4720 North Maryland	-	2026	Monthly	Deed of trust	Events of default include: Non Payment- Failure to pay any installment or, other non-compliance (failure to comply with any other covenant of Agreement or other Loan Documents, non compliance with governmental regulations, other material breach, seizure	Not applicable	N/A	4,147,685
4720 North Maryland	5.25	2023	Monthly	Deed of trust	Events of default include: failure to pay any amount within 15 days of due date, other non-compliance (failure to comply with any other covenant of Agreement or other Loan Documents, non compliance with governmental regulations, other material breach, material portion of the property is condemned or seized). Default may result in the lender declaring the note immediately due and payable.	Not applicable	N/A	495,000
Haven	3.93	2036	Monthly	Trust Deed, security agreement, assignment of leases and rents and fixture filing	Events of default include but are not limited to: failure to pay any sum of money in accordance with the Note, failure to comply with any covenants, executing an assignment for the benefit of credits or take any action in furtherance thereof or admit in writing an inability to pay debts generally as they become due, default under or acceleration of any indebtedness secured by any other trust deed, security interest, or assignment which covers or affects any part of the property, a levy which is not permanently dismissed or discharged within 30 days, discovery that any representation or warranty made in any of the loan documents is false, misleading, erroneous, or breached in any material respect, and failure to commence construction within 90 days of the loan agreement. Default may result in the lender declaring the note immediately due and payable.	Not applicable	N/A	749,727
Cecelia	3.00	2059	Maturity Date	Trust Deed	Events of default include but are not limited to: failure to pay any sum of money in accordance with the Note, failure to comply with any covenants, executing an assignment for the benefit of credits or take any action in furtherance thereof or admit in writing an inability to pay debts generally as they become due, default under or acceleration of any indebtedness secured by any other trust deed, security interest, or assignment which covers or affects any part of the property, a levy which is not permanently dismissed or discharged within 30 days, discovery that any representation or warranty made in any of the loan documents is false, misleading, erroneous, or breached in any material respect, and failure to commence construction within 90 days of the loan agreement. Default may result in the lender declaring the note immediately due and payable.	Not applicable	N/A	527,726
Total								72,363,055
Less Current Portion of Notes Payable								(2,838,371)
Total Notes Payable - Long-Term								\$ 69,524,684

(*) Note: Calendar Year of Final Maturity Date

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 NOTES PAYABLE (CONTINUED)

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 2059 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, 2022 is as follows:

Balance January 1, 2022	Increase	Decrease	Balance December 31, 2022
<u>\$ 73,049,382</u>	<u>\$ 1,000,000</u>	<u>\$ (1,686,327)</u>	<u>\$ 72,363,055</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,838,371	\$ 1,479,517
2024	5,545,880	1,327,243
2025	3,104,362	1,139,537
2026	5,279,860	1,059,479
2027	2,056,596	987,479
2028 - 2032	14,140,405	4,188,797
2033 - 2037	5,664,763	2,241,445
2038 - 2043	7,671,133	1,737,135
2043 - 2047	4,395,977	385,772
2048 - 2052	514,013	25,317
2053 - 2057	1,050,768	-
2058 - 2059	677,726	-
Total	<u>52,939,854</u>	<u>14,571,721</u>
Notes With No Set Maturity	19,423,201	-
Total	<u>\$ 72,363,055</u>	<u>\$ 14,571,721</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 12 BONDS PAYABLE

Bonds payable of Home Forward, which are secured by mortgages on the respective properties, consist of the following as of December 31, 2022:

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Termination Events with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Dawson Park 2012	Fixed	3.37 %	2027	Pledge of all legal available revenues of the Project, b) moneys on deposit in a loan reserve fund, c) moneys on deposit in a debt service reserve fund, d) general revenues of Home Forward not previously or subsequently pledge to a specific purpose and legally available. Deed of trust with a security interest in the land and improvement which encompasses the Project.	Events of default include: default in the due debt payment, failure of the Property to perform any other covenant, agreement or obligation under Loan agreement or regulatory agreement, event of default under the Deed of Trust, filing of a petition in voluntary bankruptcy or reorganization, insolvency, involuntary bankruptcy, dissolution or liquidation which can lead to the Authority to declare the entire balance due and payable immediately, the Authority may foreclose the Deed of Trust and Authority may recover monetary damages caused by such violation.	Not applicable	Not applicable	\$ 642,980
New Market West 2013	Variable	1.73	2023	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to observe or perform any obligation or agreement in the Trust Deed, any representation that is proved to be incorrect, false or misleading in material respect when made or default in the payment or performance of an obligation and continuance of default, any default under the continuing covenant agreement or any other Bond document can lead to all obligations immediately payable in full (any Swap shall be terminated in accordance with terms). Lender can cause the Property to be sold to satisfy the obligations, Lender can obtain appointment of a receiver as it pertains to the i) the adequacy of the security for the repayment of its obligations, ii) the existence of a declaration that the obligations are immediately due and payable.	Not applicable	Not applicable	2,605,280
Pearl Court	Fixed	4.50	2027	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	2,080,000
Gretchen Kalfoury	Fixed	4.00	2034	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	3,370,000
Hamilton West	Fixed	4.00	2034	Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	2,900,000
Yards at Union Station	Fixed	4.85	2029	Leasehold Trust Deed, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	2,740,000
Lovejoy Station	Fixed	1.45	2033	Leasehold Trust Deed, Assignment of Rents and Leases, Security Agreement and Fixture Filing	Events of default include: failure to make any payment when due under the Loan documents (10 days to cure), failure to perform any covenant, agreement or obligation under any of the Loan documents (not cured within 60 days), filing of the Borrower of a petition of bankruptcy can lead to the declaration any or all indebtednesses secured by the Trust Deed to be due and payable immediately, bring court action to enforce the provisions of Trust Deed or any of the indebtedness or obligations secured by the Trust Deed, foreclose the Trust Deed as a mortgage, cause any or all of the property to be sold under power of sale, elect its rights with respect to Leases and Rents.	Not applicable	Not applicable	6,710,000
Cecelia	Variable	-	2037	Line of Credit Commercial Deed of Trust, Assignment, Security Agreement and Fixture filing	Events of default include the following: default in the due and punctual payment of the principal or premium or interest on any Bond when due, failure to pay the purchase price of any variable rate bond tendered when such payment is due, default by the Authority in the observance of any other covenants, agreements or conditions in the indenture, loan agreement or the bonds (not cured within 60 days) can lead to the acceleration of the bonds including principal and interest accrued due immediately, foreclosure of the deed of trust and power sale.	Not applicable	If any Event of Default occurs the Trustee shall be entitled to upon written notice to the Authority, the Bank, the Remarketing agent and the partnership or the owners of a majority in aggregate principal of the bonds at the time outstanding is entitled to declare the principal of all of the bonds then outstanding and the interest accrued due payable and immediately	2,770,000
Trouton	Variable	-	2035	Line of Credit Commercial Deed of Trust, Assignment, Security Agreement and Fixture filing	Events of default include the following: default in the due and punctual payment of the principal or premium or interest on any Bond when due, failure to pay the purchase price of any variable rate bond tendered when such payment is due, default by the Authority in the observance of any other covenants, agreements or conditions in the indenture, loan agreement or the bonds (not cured within 60 days) can lead to the acceleration of the bonds including principal and interest accrued due immediately.	Not applicable	If any Event of Default occurs the Trustee shall be entitled to upon written notice to the Authority, the Bank, the Remarketing agent and the partnership or the owners of a majority in aggregate principal of the bonds at the time outstanding is entitled to declare the principal of all of the bonds then outstanding and the interest accrued due payable and immediately	4,405,000
Total								28,223,290
Less: Current Portion of Bonds Payable								(2,021,149)
Total								26,202,111
Plus Unamortized Premiums								200,995
Less: Unamortized Discounts								(74,254)
Total Long-Term Bonds Payable								<u>\$ 26,328,852</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 12 BONDS PAYABLE (CONTINUED)

A summary of activity of Home Forward's bonds payable for the year ended December 31, 2022 is as follows:

Balance January 1, 2022	Draws	Repayments	Balance December 31, 2022
\$ 22,704,873	\$ 7,175,000	\$ (1,656,613)	\$ 28,223,260

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

Year Ending December 31,	Principal	Interest
2023*	\$ 2,021,149	\$ 801,922
2024	1,965,723	721,357
2025	2,050,453	587,852
2026	2,130,344	513,250
2027	2,132,810	443,573
2028 - 2032	7,552,922	1,430,190
2033 - 2036	10,369,859	283,825
Total	\$ 28,223,260	\$ 4,781,969

For the variable rate debt, the December 31, 2022 interest rate of 1.73% 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 agreement.

NOTE 13 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 8 and Note 19) 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 13 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

Bonds payable—partnerships and the corresponding notes receivable—partnerships consist of the following at December 31:

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Subjective Acceleration Clauses	Balance
Civic Redevelopment Limited Partnership	Variable	0.09	2038	Multifamily Mortgage, Assignment of Rents and Security Agreement	Events of default: failure to pay the principal or purchase price of, premium if any or interest on any bond when due, failure by the credit facility provider to make when due a requirement payment under the credit facility, failure to overserve or perform any of the covenants, agreements or conditions on the part of the Authority in the indenture or in the bonds and continues for 30 days can lead to the acceleration of the declaration the principal of all bonds then outstanding and interest accrued immediately due and payable.	In the event of default, the entire unpaid principal balance, accrued int and all other amounts payable shall be at once become due and payable at the option of the Lender, without prior notice to the Borrower	\$ 7,800,000
Stephens Creek Crossing North LP	Fixed	4.56	2031	Line of Credit Construction Leasehold Deed of Trust, Assignment, Security Agreement and Fixture Filing	Events of default: payment obligation failure, transfer of any or all part of property not included in the trust deed, failure to perform or comply with any obligations in trust deed (and not cured for 30 days), an event of default under the note or loan agreement, change in zoning or public restriction in regards to the use of the property if it would be in violation of zoning ordinance or regulation, default under any lease, default under any other mortgage, deed of trust or security agreement covering the property or an execution or attachment is levied against the property and is not discharged or stayed within 30 days of being levied can lead to acceleration of all obligations becoming due and payable without notice of default or acceleration, the property can be foreclosed upon and the power of sale can be enacted. A judicial action can be submitted for foreclosure of the Deed of Trust. In the event of default, collection of rents can be assumed by Lender.	In the event of default all obligations shall become due and payable without notice of default, notice of acceleration or intention to accelerate. The property can be foreclosed upon and the power of sale can be enacted. A judicial action can be submitted for foreclosure of the Deed of Trust and collection of rents can be assumed by Lender.	2,661,886
Humboldt Gardens Limited Partnership	Fixed	6.17	2040	Line of Credit Construction Leasehold Deed of Trust, Assignment, Security Agreement and Fixture Filing	Event of default: failure to pay any installment of principal or the redemption price of any bond when due, failure to pay any installment of interest during the variable rate period and during reset period, failure to pay any installment of interest due the fixed rate period, failure by the Authority to perform or observe any material covenant, agreement or condition in the bond indenture (continues for 60 days), default in the timely payment of any installment of the amounts (other than Loan repayments) fees payable to the Authority (continues for 30 days), default under the Regulatory agreement has occurred and continues will lead to the declaration of all outstanding bonds be immediately due and payable including interest, implementation of actions for the recovery of the amounts due on the Note, the Loan Agreement and other Loan Documents, foreclosure upon the collateral held by the Trustee for the obligations of the Borrower, implementation of remedies may be available under the Loan documents. Trustee has the right to revenue fund account and other amounts (excluding the Rebate fund) pledged under the indenture to the payment of Trustee expenses, to the payment of the bonds or reimbursement to the Owners of the Bonds.	Not applicable	760,000
Westis Limited Partnership	Fixed	4.18	2052	Revenues and receipts therefrom and the security therefor (including the Security Instrument) and the amounts on deposit from time to time in any and all funds established under the Funding Loan Agreement	Events of default: failure by the Borrower to pay any Borrower Loan Payment on the date such payment is due, failure by or behalf of Borrower to pay when due any amount required to be paid under any of the other funding loan documents, an Event of Default as defined by any other Funding Loan Document, any representation made by Borrower, the General Partner or Guarantor in any Funding Loan Document or in any report, certificate, financial statement or other instrument, agreement or document by the Borrower that is false or misleading in any material respect, the Borrower makes a general assignment for the benefit of creditors or shall generally not be paying its debt as they become due, bankruptcy, any portion of the Borrower required equity to be made by the Equity investor is not received, failure to comply with ERISA, any material litigation or proceeding against the Borrower, the General Partner or the Guarantor or the property, if a final judgement is issued for monetary damages in excess of \$50,000 is not paid and discharged prior to completion date, a failure to pay when due any monetary obligation to any Person in excess of \$100,000 and such failure continues beyond the expiration of any grace period, a final and unappealable and uninsured money judgment in favor of any other person other than a governmental authority in the aggregate sum of \$50,000 or more against Borrower, the general partner or the guarantor that is not paid prior to completion date, the inability of the Borrower to satisfy any condition for the receipt of a Disbursement and failure to resolve, construction or rehabilitation is abandoned or halted prior to the completion date (as long as not caused by unforeseeable conditions such as acts fire, strikes, disruption of shipping acts of terrorism), Borrower fails to keep in force and effect any material permit, license, consent or approval required under the loan agreement, failure to substantially complete the construction or rehab on or prior to the substantial completion date, failure of Borrower to satisfy conditions to conversion or before the conversion date, failure by any subordinate lender to disburse the proceeds of its subordinate loan, an Event of Default occurs under any of subordinate loan documents, any failure by the Borrower to perform or comply with any of its obligations under the loan agreement (and continues for 30 days), a seizure or forfeiture of the property can lead to declaring the borrower payment obligations to be immediately due and payable including prepayment premium.	Event of default can make all borrower payment obligations immediately due and payable including the prepayment premium	12,425,379

Forward Balance to the Next Page

23,647,265

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 13 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

Property	Bond Type	Interest Rate	Final Maturity Year	Assets Pledged as Collateral	Events of Default with Finance Related Consequences	Subjective Acceleration Clauses	Balance
						Forward Balance from the Previous Page	\$ 23,647,265
Woods East Limited Partnership	Fixed	4.18	2052	Revenues and receipts therefrom and the security therefore (including the Security Instrument) and the amounts on deposit from time to time in any and all funds established under the Funding Loan Agreement	Events of default: failure by the Borrower to pay any Borrower Loan Payment on the date such payment is due, failure by or behalf of Borrower to pay when due any amount required to be paid by Borrower under any of the other funding loan documents, an Event of Default as defined by the Borrower note, the Security Instrument or any other Funding Loan Document, any representation made by Borrower, the General Partner or Guarantor in any Funding Loan Document or in any report, certificate, financial statement or other instrument, agreement or document by the Borrower that is false or misleading in any material respect, the Borrower makes a general assignment for the benefit of credits or shall generally not be paying its debt as they become due, bankruptcy, any portion of the Borrower required equity to be made by the Equity investor is not received, failure to comply with ERISA, any material litigation or proceeding against the Borrower, the General Partner or the Guarantor or the property, if a final judgement is issued for monetary damages in excess of \$50,000 is not paid and discharged prior to completion date, a failure to pay when due any monetary obligation to any Person in excess of \$100,000 and such failure continues beyond the expiration of any grace period, a final and un-appealable and uninsured money judgment in favor of any other person other than a governmental authority in the aggregate sum of \$50,000 or more against Borrower, the general partner or the guarantor that is not paid prior to completion date, the inability of the Borrower to satisfy any condition for the receipt of a Disbursement and failure to resolve, construction or rehabilitation is abandoned or halted prior to the completion date (as long as not caused by unforeseeable conditions such as acts fire, strikes, disruption of shipping acts of terrorism), Borrower fails to keep in force and effect any material permit, license, consent or approval required under the loan agreement, failure to substantially complete the construction or rehab on or prior to the substantial completion date, failure of Borrower to satisfy conditions to conversion or before the conversion date, failure by any subordinate lender to disburse the proceeds of its subordinate loan, an Event of Default occurs under any of subordinate loan documents, any failure by the Borrower to perform or comply with any of its obligations under the loan agreement (and continues for 30 days), a seizure or forfeiture of the property can lead to declaring the borrower payment obligations to be immediately due and payable including prepayment premium.	Event of default can make all borrower payment obligations immediately due and payable including the prepayment premium	14,712,947
Square Manor Limited Partnership	Fixed	4.25	2035	Leasehold Trust Deed, Security Agreement, Assignment of Leases and Rents and Fixture Filing	Events of default: borrower fails to make any payment within 10 days when due, borrower fails to comply with or perform when due any other term, obligation, covenant, or condition contained in the note, borrower makes representation that is false or misleading in any material way, borrower dissolves or becomes insolvent or bankrupt, any creditor tries to take any of property on or in which lender has a lien or security interest, any guarantor of the note seeks to limit/modify/ revoke such guarantor's guaranty with Lender can lead interest rate increase of 4% per annum in excess of the interest rate otherwise than in effect of 18% per annum whichever is greater and lead to the balance of unpaid principal and accrued interest immediately due and payable.	Not applicable	3,962,100
3000 Powell	Fixed	2.20	2025	Secured by leasehold interest in the property	Event of default of one or more of the following: failure to pay an installment of interest or principal within 30 days of due date; any of the covenants, provisions, terms and conditions of the loan document not fully cured within the period of time therein. In the event of default, the entire unpaid balance of principal shall bear the interest rate of 12% per annum until paid in full.	Not applicable	9,853,138
Dekum Court	Variable	-	2024	All rights and remedies afforded under the UCC; right to sell property.	Events of default include any representation made by the borrower is incorrect; failure to pay any amounts due; borrower fails to observe or perform any other term, covenant, condition or agreement set forth in the Project Loan Agreement. Default rate as applicable 12% per annum or the maximum interest rate allowable by law. If principal and accrued interest are not paid in full on maturity date, unpaid balances shall accrue at the default rate	If an event of default occurs and is continuing, entire principal balance and accrued interest become due at the option of the funding lender without any prior notice.	51,725
Total							52,227,175
Less: Current Portion of Bonds Payable							(625,769)
Total Bonds Payable and Notes Receivable - Partnerships							<u>\$ 51,601,406</u>

*For the variable rate debt, the December 31, 2022, interest rate, as provided above, was used for the future interest calculation.

**HOME FORWARD
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DECEMBER 31, 2022**

NOTE 13 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)

A summary activity of Home Forward’s bonds payable at December 31, 2022 is as follows:

Balance January 1, 2022		Draws	Repayments	Balance December 31, 2022
\$ 56,001,134		\$ 4,186,957	\$ (7,960,916)	\$ 52,227,175

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

Year Ending December 31,	Principal	Interest
2023	\$ 625,769	\$ 1,468,615
2024	708,418	1,440,601
2025	10,536,877	1,411,314
2025	711,952	1,380,732
2027	746,384	1,348,857
2028 - 2032	6,031,270	6,100,286
2033 - 2037	7,346,899	4,509,973
2038 - 2042	12,691,730	3,213,370
2043 - 2047	5,866,440	2,099,496
2048 - 2052	6,961,436	738,959
Total	\$ 52,227,175	\$ 23,712,203

NOTE 14 DERIVATIVE INSTRUMENTS

Home Forward issued variable rate demand bonds and notes for its New Market West headquarters building and for two separate projects: 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 (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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 DERIVATIVE INSTRUMENTS (CONTINUED)

- 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) and 0.10% (Trouton). 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.

The Trouton bonds mature in 2037. The variable rate on the bonds was 3.177% as of December 31, 2022. The swap instrument associated with the remaining bonds matures July 1, 2022, and is fixed at 4.188% on a notional amount of \$4.405 million at December 31, 2022 for which Home Forward receives the 30-day SIFMA rate. The swap expired on July 1, 2021 so the value of the swap was \$-0- as of December 31, 2022.

New Market West bonds mature in 2038. The variable rate on the bonds was 4.382% as of December 31, 2022. The bond documents were amended effective December 31, 2021 to amend the LIBOR language and extend the term to August 2023. 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 \$27,351 as of December 31, 2022.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 14 DERIVATIVE INSTRUMENTS (CONTINUED)

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, 2022 was a decrease of \$84,954. 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 (Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for 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 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 (Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for 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.
- *Rollover Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 15 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 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 15 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, 2020 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date:	December 31, 2020
Measurement Date:	June 30, 2022
Experience Study Report:	2020, published July 20, 2021
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	6.90%
Inflation	2.40%
Projected Salary Increases	3.40% Overall Payroll Growth
Investment Rate of Return	6.90%
Mortality:	Health Retirees and Beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled Retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 15 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 June 2021 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annual Return (Geometric)</u>
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	(2.50)	1.76
Total	100.00 %	
Assumed Inflation - Mean		2.40 %

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 PENSION

PERS Pension (Defined Benefits)

Home Forward is a participant of the PERS pension program. PERS benefits, as described by the PERS 2022 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 \$200 per month for deaths that occur after July 30, 2003.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 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 nonduty 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 nonduty 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 their variable equities investment account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

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 2022 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 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).

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 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 non-represented 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, 2021 to June 30, 2023 are:

	<u>Tier 1/Tier 2</u>	<u>OPSRP</u>
Pension Contribution Rate	21.01 %	17.54 %
Retiree Health Care Rate	0.05	-
Total Employer Contribution	<u>21.06 %</u>	<u>17.54 %</u>

The amount contributed by Home Forward for the year ended December 31, 2022 was approximately \$5,414,148 which represents the required contributions for both the employee and the employer for the year presented.

Net Pension Assets and Liabilities

At December 31, 2022, Home Forward reported a liability of \$28,250,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. Home Forward's proportion of the net pension liability was based on a projection Home Forward's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, Home Forward's proportion was 0.18449827%, which increased from its proportion of 0.15246390% measured as of June 30, 2020.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 PENSION (CONTINUED)

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

For the year ended December 31, 2022, Home Forward recognized pension revenue of \$303,911 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 2,780,980	\$ -
Net Differences Between Expected and Actual Experience	1,371,328	176,175
Changes in Assumptions	4,432,638	40,497
Net Differences Between Projected and Actual Earnings on Plan Investments	-	5,050,623
Changes in Proportion	5,303,950	45,870
Difference Between the Employer's Contributions and the Employer's Proportion Share of Contributions	<u>57,755</u>	<u>3,465,208</u>
Total	<u>\$ 13,946,651</u>	<u>\$ 8,778,373</u>

The amount of \$2,780,980 reported as of the year ended December 31, 2022 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ 732,501
2024	105,029
2025	(1,491,724)
2026	2,836,202
2027	205,290
Total	<u>\$ 2,387,298</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 PENSION (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.90%) or 1% higher (7.90%) than the current rate:

1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
<u>\$ 50,099,617</u>	<u>\$ 28,250,387</u>	<u>\$ 9,963,590</u>

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, 2022 was \$233,318. This balance is recorded in other accrued liabilities on the statement of net position.

NOTE 17 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, 2022 (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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 17 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 \$27,301 for the year ended December 31, 2022. 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 0.00% 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, 2022, Home Forward reported an asset of \$557,588 for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the collective net OPEB asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022. 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, 2022 measurement date, Home Forward's proportion was 0.15691889%, which increased from its proportion measured as of June 30, 2021 (0.11964643%).

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 17 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, 2022, Home Forward recognized a decrease in OPEB revenue of \$79,695 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contribution Subsequent to Measurement Date	\$ 7,456	\$ -
Differences Between Expected and Actual Experience	-	15,110
Changes in Assumptions	4,366	18,586
Net Differences Between Projected and Actual Earning on Plan Investments	-	42,523
Changes in Proportionate Share	-	75,128
Total	<u>\$ 11,822</u>	<u>\$ 151,347</u>

The amount of \$7,456 reported for the year ended December 31, 2022 as deferred inflow of resources related to OPEB resulting from Home Forward contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflow and inflow of resources related to OPEB will be recognized in Home Forward's OPEB expense as follows:

<u>Year Ending December 31.</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ (88,954)
2024	(44,812)
2025	(26,834)
2026	13,619
Total	<u>\$ (146,981)</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90%. 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 17 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, 2022 would be if it were calculated using a discount rate that is 1% lower (5.90%) or 1% higher (7.90%) than the current rate:

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
\$ (502,544)	\$ (557,588)	\$ (604,774)

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, 2022 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 17 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, 2022, Home Forward reported a total OPEB liability of \$890,571 for its implicit benefit subsidy based on a measurement date of December 31, 2022.

The following table shows the changes in the total OPEB liability for the year ended December 31, 2022:

	Total OPEB Liability
Balance - Beginning of Year	\$ 986,736
Benefit Payments	(32,264)
Service Cost	64,555
Interest on Total OPEB Liability	20,577
Change in Assumptions	(189,381)
Experience (Gain) Loss	40,348
Balance - End of Year	<u>\$ 890,571</u>

For the year ended December 31, 2022, Home Forward recognized OPEB revenue of \$38,903 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
Difference Between Expected and Actual Experience	\$ 36,808	\$ 155,349
Changes of Assumptions or Other Inputs	89,872	501,932
Total	<u>\$ 126,680</u>	<u>\$ 657,281</u>

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

<u>Year Ending December 31,</u>	Deferred Inflows of Resources - OPEB HBRP
2023	\$ (91,770)
2024	(91,770)
2025	(91,770)
2026	(91,163)
2027	(61,708)
2028	(46,924)
All Subsequent Years	(55,496)
Total	<u>\$ (530,601)</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 17 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, 2022. Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2022 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 2022.

Valuation Date:	December 31, 2022
Measurement Date:	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market value of assets
Interest Discount Rate:	3.72% per year
Kaiser Medical Cost Annual Trend Rate:	5% in all future years.
Providence Medical Cost Annual Trend Rate:	6% initial increase, reducing to 5% over 2 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.
Inflation Rate:	2.5% in all future years.
Salary Scale:	3.5% in all future years.

Long-Term Expected Rate of Return

The 3.72% discount rate assumption is the December 31, 2022 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, 2022 would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current rate:

1% Decrease (2.72%)	Current Rate (3.72%)	1% Increase (4.72%)
<u>\$ 959,430</u>	<u>\$ 890,571</u>	<u>\$ 826,654</u>

HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 17 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, 2022 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.

<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>\$ 803,350</u>	<u>\$ 890,571</u>	<u>\$ 992,772</u>

NOTE 18 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 \$20,500 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 19 BLENDED COMPONENT UNITS

The condensed statements of net position of the blended component units are as follows as of December 31, 2022:

	Home Forward Development Enterprises	Home Forward Insurance Group	Home Forward Community Partnerships	St. Francis, LLC	Gateway LP	New Market West Management Services LLC	Haven	Cecelia	Trouton	Total
Assets										
Current Assets	\$ 8,187,920	\$ 2,625,234	\$ 480,340	\$ 1,264,635	\$ 542,463	\$ 4,800	\$ 430,532	\$ 1,341,234	\$ 2,412,937	\$ 17,290,095
Noncurrent Assets	37,641,872	-	-	642,815	-	-	-	-	-	38,284,687
Capital Assets	-	-	-	6,727,605	3,650,071	-	2,461,206	7,160,679	17,300,513	37,300,074
Total Assets	<u>\$ 45,829,792</u>	<u>\$ 2,625,234</u>	<u>\$ 480,340</u>	<u>\$ 8,635,055</u>	<u>\$ 4,192,534</u>	<u>\$ 4,800</u>	<u>\$ 2,891,738</u>	<u>\$ 8,501,913</u>	<u>\$ 19,713,450</u>	<u>\$ 92,874,856</u>
Liabilities										
Current Liabilities	\$ 1,154,230	\$ 1,596,964	\$ -	\$ 235,298	\$ 539,762	\$ 4,800	\$ 96,065	\$ 619,931	\$ 521,487	\$ 4,768,537
Noncurrent Liabilities	-	-	-	9,198,946	3,898,496	-	708,426	3,182,726	4,210,000	21,198,594
Total Liabilities	<u>1,154,230</u>	<u>1,596,964</u>	<u>-</u>	<u>9,434,244</u>	<u>4,438,258</u>	<u>4,800</u>	<u>804,491</u>	<u>3,802,657</u>	<u>4,731,487</u>	<u>25,967,131</u>
Net Position										
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	44,675,562	1,028,270	480,340	(799,189)	(245,724)	-	2,087,247	4,699,256	14,981,963	66,907,725
Total Net Position	<u>44,675,562</u>	<u>1,028,270</u>	<u>480,340</u>	<u>(799,189)</u>	<u>(245,724)</u>	<u>-</u>	<u>2,087,247</u>	<u>4,699,256</u>	<u>14,981,963</u>	<u>66,907,725</u>
Total Liabilities and Net Position	<u>\$ 45,829,792</u>	<u>\$ 2,625,234</u>	<u>\$ 480,340</u>	<u>\$ 8,635,055</u>	<u>\$ 4,192,534</u>	<u>\$ 4,800</u>	<u>\$ 2,891,738</u>	<u>\$ 8,501,913</u>	<u>\$ 19,713,450</u>	<u>\$ 92,874,856</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 19 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, 2022:

	Home Forward Development Enterprises	Home Forward Insurance Group	Home Forward Community Partnerships	St. Francis, LLC	Gateway LP	New Market West Management Services LLC	Haven	Cecelia	Trouton	Total
Operating Revenues										
Dwelling Rental	\$ -	\$ -	\$ -	\$ 918,378	\$ 1,649,665	\$ -	\$ 271,089	\$ 822,609	\$ 37,365	\$ 3,699,106
Nondwelling Rental	-	-	-	145,852	9,725	-	655	5,671	381	162,284
HUD operating subsidies	-	-	-	-	-	-	-	-	-	-
State, Local, and Other Grants	-	-	-	-	-	-	-	-	-	-
Other	-	1,760,606	483,182	15,359	4,200	21,600	-	4,076	2	2,289,025
Total Operating Revenues	-	1,760,606	483,182	1,079,589	1,663,590	21,600	271,744	832,356	37,748	6,150,415
Operating Expenses										
Administration	1,500,800	340,032	11,840	349,265	247,762	21,620	98,158	287,223	13,265	2,869,965
Tenant Services	-	-	-	-	19,260	-	4,140	11,970	529	35,899
Program Expense	-	-	-	-	10,223	-	-	-	-	10,223
Utilities	-	-	-	167,805	400,979	-	56,475	164,726	7,777	797,762
Maintenance	-	1,696,539	-	246,183	482,217	-	42,633	154,846	8,889	2,631,307
Depreciation	-	-	-	187,349	337,838	-	122,043	361,274	17,636	1,026,140
General and Other	5,332	1,244	640	79,884	81,746	-	16,603	53,149	2,210	240,808
Total Operating Expenses	1,506,132	2,037,815	12,480	1,030,486	1,580,025	21,620	340,052	1,033,188	50,306	7,612,104
Operating Income (Loss)	(1,506,132)	(277,209)	470,702	49,103	83,565	(20)	(68,308)	(200,832)	(12,558)	(1,461,689)
Nonoperating Revenues (Expenses)										
Investment Income	992,058	26,244	77	17,904	808	-	30	4,951	187	1,042,259
Interest Expense	-	-	-	(125,813)	(221,034)	-	(15,092)	(20,955)	(1,501)	(384,395)
Investment in partnership valuation change	-	-	-	-	-	-	2,169,510	4,913,299	14,995,624	22,078,433
Transfer Out to Business Activities	(2,649,690)	-	-	-	-	-	-	-	-	(2,649,690)
Loss on Disposal of Capital Assets	-	-	-	(7,724)	(2,962)	-	-	-	-	(10,686)
Total Nonoperating Revenues (Expenses)	(1,657,632)	26,244	77	(115,633)	(223,188)	-	2,154,448	4,897,295	14,994,310	20,075,921
Income/Loss before Capital Contributions	(3,163,764)	(250,965)	470,779	(66,530)	(139,623)	(20)	2,086,140	4,696,463	14,981,752	18,614,232
Capital Contributions	-	-	-	4,693	3,245	-	1,107	2,793	211	12,049
Distributions	(118,117)	(600,000)	-	-	-	-	-	-	-	(718,117)
Increase (Decrease) in Net Position	(3,281,881)	(850,965)	470,779	(61,837)	(136,378)	(20)	2,087,247	4,699,256	14,981,963	17,908,164
Net Position - Beginning of Year	47,957,443	1,879,235	9,561	(737,352)	(109,346)	20	-	-	-	48,999,561
Net Position - End of Year	\$ 44,675,562	\$ 1,028,270	\$ 480,340	\$ (799,189)	\$ (245,724)	\$ -	\$ 2,087,247	\$ 4,699,256	\$ 14,981,963	\$ 66,907,725

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 19 BLENDED COMPONENT UNITS (CONTINUED)

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

	Home Forward Development Enterprises	Home Forward Insurance Group	Home Forward Community Partnerships	St. Francis, LLC	Gateway LP	New Market West Management Services LLC	Haven	Cecelia	Trouton	Total
Cash Flows from Operating Activities										
Receipts from State, Local, and Other Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts from Tenants and Landlords	-	-	-	924,737	1,635,453	(4,800)	290,449	890,915	132,469	3,869,223
Receipts from Others	-	1,760,606	483,182	170,421	17,170	21,620	1,630	12,539	564	2,467,732
Payments to and on Behalf of Employees	-	-	-	(297,716)	(206,306)	-	(38,384)	(113,439)	(4,732)	(660,577)
Payments to Vendors, Contractors, and Others	(1,506,131)	(442,601)	(12,481)	(550,150)	(985,186)	(16,820)	(150,150)	(478,187)	148,419	(3,993,287)
Total Cash Provided (Used) by Operating Activities	(1,506,131)	1,318,005	470,701	247,292	461,131	-	103,545	311,828	276,720	1,683,091
Cash Flows from Capital and Related Financing Activities										
Interest Paid on Notes and Bonds Payable	-	-	-	(117,388)	(221,648)	-	(12,637)	270,630	10,689	(70,354)
Principal Payments on Notes Payable	-	-	-	(107,590)	(280,051)	-	749,727	3,297,726	4,405,000	8,064,812
Receipt of Cash Restricted for Deposits Payable	-	-	-	(387)	-	-	-	-	-	(387)
Acquisition and Construction of Capital Assets	-	-	-	(41,197)	(25,119)	-	(2,583,249)	(7,521,952)	(17,318,149)	(27,489,666)
Change in Investment in Partnership	-	-	-	-	-	-	2,168,495	4,908,981	14,995,369	22,072,845
Total Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(266,562)	(526,818)	-	322,336	955,385	2,092,909	2,577,250
Cash Flows from Investing Activities										
Decrease in Notes Payable	(942,980)	-	-	-	-	-	-	-	-	(942,980)
Decrease in Accrued Interest on Notes Payable	-	(5,781)	-	-	-	-	-	-	-	(5,781)
Collections on Notes Receivable	-	-	-	-	-	-	-	-	-	-
Change in Due from Partnerships	(3,718,117)	(600,000)	(473,445)	95	1,073	-	(13,801)	53,131	(87,126)	(4,838,190)
Investment Income	992,058	26,244	77	17,904	808	-	30	4,951	187	1,042,259
Total Cash Provided (Used) by Investing Activities	(3,669,039)	(579,537)	(473,368)	17,999	1,881	-	(13,771)	58,082	(86,939)	(4,744,692)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,175,170)	738,468	(2,667)	(1,271)	(63,806)	-	412,110	1,325,295	2,282,690	(484,351)
Cash and Cash Equivalents - Beginning of Year	7,358,643	1,878,718	9,561	1,244,071	539,421	-	-	-	-	11,030,415
Cash and Cash Equivalents - End of Year	<u>\$ 2,183,473</u>	<u>\$ 2,617,186</u>	<u>\$ 6,894</u>	<u>\$ 1,242,800</u>	<u>\$ 475,615</u>	<u>\$ -</u>	<u>\$ 412,110</u>	<u>\$ 1,325,295</u>	<u>\$ 2,282,690</u>	<u>\$ 10,546,064</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 20 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, 2022 is as follows:

	Central Group	North Group	East Group	Woolsey	Civic Redevelopment	Humboldt Gardens	1115 SW 11th Avenue
ASSETS							
Cash and Cash Equivalents	\$ 2,525,248	\$ 439,880	\$ 3,324,709	\$ 770,410	\$ 17,748	\$ 44,932	\$ 498,417
Cash and Cash Equivalents - Restricted	603,435	1,438,188	1,526,892	965,546	3,490,288	1,449,762	1,233,269
Accounts Receivables	6,812	23,975	20,112	16,355	41,571	30,332	13,628
Other Assets	5,485,004	689,925	4,115,616	65,420	431,001	134,049	31,808
Capital Assets, Net	71,820,339	81,115,162	65,123,267	8,848,568	9,294,484	17,980,541	9,868,366
Total Assets	<u>\$ 80,440,838</u>	<u>\$ 83,707,130</u>	<u>\$ 74,110,596</u>	<u>\$ 10,666,299</u>	<u>\$ 13,275,092</u>	<u>\$ 19,639,616</u>	<u>\$ 11,645,488</u>
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities	\$ 10,141,105	\$ 6,862,763	\$ 6,788,240	\$ 782,482	\$ 4,372,734	\$ 2,261,304	\$ 155,741
Long-Term Liabilities	69,389,430	63,080,903	48,070,693	5,892,144	11,722,163	21,200,698	10,885,058
NET POSITION							
Net Investment in Capital Assets	2,130,018	17,773,674	16,569,385	2,874,932	(2,652,957)	(3,245,156)	(1,016,693)
Funds Held in Trust	1,694,020	1,572,196	3,678,438	1,117,766	658,296	985,114	1,360,512
Unrestricted (Deficit)	(2,913,735)	(5,582,406)	(996,160)	(1,025)	(825,144)	(1,562,344)	260,870
Total Liabilities and Net Position	<u>\$ 80,440,838</u>	<u>\$ 83,707,130</u>	<u>\$ 74,110,596</u>	<u>\$ 10,666,299</u>	<u>\$ 13,275,092</u>	<u>\$ 19,639,616</u>	<u>\$ 11,645,488</u>
Operating Revenues	\$ 2,828,693	\$ 4,291,091	\$ 3,752,674	\$ 1,521,804	\$ 1,582,244	\$ 1,319,284	\$ 1,162,501
Operating Expenses	(4,326,966)	(6,339,080)	(5,189,919)	(2,141,683)	(1,809,607)	(2,384,883)	(1,433,056)
Operating Income (Loss)	(1,498,273)	(2,047,989)	(1,437,245)	(619,879)	(227,363)	(1,065,599)	(270,555)
Nonoperating Revenues	926	24,628	2,483	726	304,649	17,516	10,630
Nonoperating Expenses	(727,747)	(2,057,153)	(1,369,981)	(192,616)	(542,363)	(234,009)	(10,756)
Loss Before Capital Contributions	(2,225,094)	(4,080,514)	(2,804,743)	(811,769)	(465,077)	(1,282,092)	(270,681)
Capital Contributions	900,209	34,052	562,844	8,193	-	17,950	-
Investment in Partnership Valuation Charge	-	-	-	-	-	-	-
Change in Net Position	<u>(1,324,885)</u>	<u>(4,046,462)</u>	<u>(2,241,899)</u>	<u>(803,576)</u>	<u>(465,077)</u>	<u>(1,264,142)</u>	<u>(270,681)</u>
Beginning Net Position	2,235,188	17,809,926	21,493,562	4,795,249	(2,354,728)	(2,558,244)	875,370
Ending Net Position	<u>\$ 910,303</u>	<u>\$ 13,763,464</u>	<u>\$ 19,251,663</u>	<u>\$ 3,991,673</u>	<u>\$ (2,819,805)</u>	<u>\$ (3,822,386)</u>	<u>\$ 604,689</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 20 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

	RAC Housing	Stephens Creek Crossing South	Stephens Creek Crossing North	Beech Street	West	Woods East	Trouton	Haven
ASSETS								
Cash and Cash Equivalents	\$ 167,897	\$ 354,878	\$ 445,328	\$ 146,091	\$ 2,351,349	\$ 941,072	\$ -	\$ -
Cash and Cash Equivalents - Restricted	1,618,883	563,258	889,602	244,640	1,719,599	2,355,274	-	-
Accounts Receivables	79,013	37,681	58,976	9,582	44,287	57,881	-	-
Other Assets	20,700	46,403	175,103	51,062	961,792	1,176,060	-	-
Capital Assets, Net	19,690,546	11,802,870	25,317,766	6,518,187	44,590,865	51,802,318	-	-
Total Assets	<u>\$ 21,577,039</u>	<u>\$ 12,805,090</u>	<u>\$ 26,886,775</u>	<u>\$ 6,969,562</u>	<u>\$ 49,667,892</u>	<u>\$ 56,332,605</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND NET POSITION								
LIABILITIES								
Current Liabilities	\$ 1,882,935	\$ 150,841	\$ 253,457	\$ 98,878	\$ 1,922,440	\$ 808,049	\$ -	\$ -
Long-Term Liabilities	1,252,968	7,908,738	27,099,910	1,181,131	36,435,087	45,834,374	-	-
NET POSITION								
Net Investment in Capital Assets	18,437,577	3,864,881	(1,853,275)	5,337,056	7,941,640	5,714,382	-	-
Funds Held in Trust	854,112	828,238	1,179,003	390,528	1,378,505	1,939,219	-	-
Unrestricted (Deficit)	(850,553)	52,392	207,680	(38,031)	1,990,220	2,036,581	-	-
Total Liabilities and Net Position	<u>\$ 21,577,039</u>	<u>\$ 12,805,090</u>	<u>\$ 26,886,775</u>	<u>\$ 6,969,562</u>	<u>\$ 49,667,892</u>	<u>\$ 56,332,605</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Revenues	\$ 2,226,810	\$ 813,774	\$ 1,325,771	\$ 520,911	\$ 3,219,206	\$ 4,031,305	\$ 3,404,030	\$ 271,612
Operating Expenses	(4,433,055)	(1,244,533)	(2,376,728)	(876,975)	(3,970,107)	(4,963,347)	(4,283,843)	(337,566)
Operating Income (Loss)	(2,206,245)	(430,759)	(1,050,957)	(356,064)	(750,901)	(932,042)	(879,813)	(65,954)
Nonoperating Revenues	-	3,285	17,148	1,565	36,102	19,133	16,869	30
Nonoperating Expenses	(7,518)	(91,897)	(122,814)	(17,154)	(960,933)	(1,135,137)	(327,373)	(88,854)
Loss Before Capital Contributions	(2,213,763)	(519,371)	(1,156,623)	(371,653)	(1,675,732)	(2,048,046)	(1,190,317)	(154,778)
Capital Contributions	17,337	5,192	11,821	2,694	84,879	93,646	-	-
Transfer of Component Unit	-	-	-	-	-	-	11,443,562	471,966
Change in Net Position	<u>(2,196,426)</u>	<u>(514,179)</u>	<u>(1,144,802)</u>	<u>(368,959)</u>	<u>(1,590,853)</u>	<u>(1,954,400)</u>	<u>10,253,245</u>	<u>317,188</u>
Beginning Net Position	20,637,562	5,259,690	678,210	6,058,512	12,901,218	11,644,582	(10,253,245)	(317,188)
Ending Net Position	<u>\$ 18,441,136</u>	<u>\$ 4,745,511</u>	<u>\$ (466,592)</u>	<u>\$ 5,689,553</u>	<u>\$ 11,310,365</u>	<u>\$ 9,690,182</u>	<u>\$ -</u>	<u>\$ -</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 20 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)

	Cecelia	The Jeffrey Apartments	Square Manor	Lloyd Housing	FP2	3000 Powell	Dekum	Baldwin	Total
ASSETS									
Cash and Cash Equivalents	\$ -	\$ 2,946	\$ 393,644	\$ 79,950	\$ 87,607	\$ 278,599	\$ 1,237,503	\$ 206,167	\$ 14,314,375
Cash and Cash Equivalents - Restricted	-	895,832	734,358	1,894,696	2,793,640	-	4,036,627	-	28,453,789
Accounts Receivables	-	17,574	59,254	173,199	71,656	-	11,962	3,046	776,896
Other Assets	-	6,806	211,201	477,859	217,212	5,149,167	1,233,380	2,453,947	23,133,515
Capital Assets, Net	-	8,354,156	14,121,219	61,273,335	31,532,314	27,920,034	15,795,468	20,576,345	603,346,150
Total Assets	<u>\$ -</u>	<u>\$ 9,277,314</u>	<u>\$ 15,519,676</u>	<u>\$ 63,899,039</u>	<u>\$ 34,702,429</u>	<u>\$ 33,347,800</u>	<u>\$ 22,314,940</u>	<u>\$ 23,239,505</u>	<u>\$ 670,024,725</u>
LIABILITIES AND NET POSITION									
LIABILITIES									
Current Liabilities	\$ -	\$ 223,054	\$ 2,012,801	\$ 3,412,614	\$ 5,467,856	\$ 3,862,526	\$ 6,183,300	\$ 4,435,690	\$ 62,078,810
Long-Term Liabilities	-	8,601,712	10,802,499	31,796,920	29,062,912	25,862,043	14,130,047	18,028,568	488,237,998
NET POSITION									
Net Investment in Capital Assets	-	(247,556)	3,256,781	29,304,896	2,422,737	2,057,991	1,665,420	2,547,776	112,883,509
Funds Held in Trust	-	499,486	850,248	837,942	77,052	-	-	26,168	19,926,843
Unrestricted (Deficit)	-	200,618	(1,402,653)	(1,453,333)	(2,328,128)	1,565,240	336,173	(1,798,697)	(13,102,435)
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 9,277,314</u>	<u>\$ 15,519,676</u>	<u>\$ 63,899,039</u>	<u>\$ 34,702,429</u>	<u>\$ 33,347,800</u>	<u>\$ 22,314,940</u>	<u>\$ 23,239,505</u>	<u>\$ 670,024,725</u>
Operating Revenues	\$ 832,356	\$ 866,336	\$ 893,016	\$ 2,519,796	\$ 203,605	\$ -	\$ -	\$ 23,859	\$ 37,610,678
Operating Expenses	(1,064,703)	(1,443,687)	(1,401,639)	(4,040,613)	(892,563)	-	(88,319)	(83,209)	(55,126,081)
Operating Income (Loss)	<u>(232,347)</u>	<u>(577,351)</u>	<u>(508,623)</u>	<u>(1,520,817)</u>	<u>(688,958)</u>	<u>-</u>	<u>(88,319)</u>	<u>(59,350)</u>	<u>(17,515,403)</u>
Nonoperating Revenues	4,951	1,280	169	1,128	144	-	-	7	463,369
Nonoperating Expenses	(145,099)	(8,456)	(321,509)	(819,295)	(209,592)	-	-	(1)	(9,390,257)
Loss Before Capital Contributions	<u>(372,495)</u>	<u>(584,527)</u>	<u>(829,963)</u>	<u>(2,338,984)</u>	<u>(898,406)</u>	<u>-</u>	<u>(88,319)</u>	<u>(59,344)</u>	<u>(26,442,291)</u>
Capital Contributions	-	4,939	649	2,943,082	-	-	2,089,912	-	6,777,399
Investment in Partnership Valuation Charge	5,636,910	-	-	-	-	-	-	-	17,552,438
Change in Net Position	<u>5,264,415</u>	<u>(579,588)</u>	<u>(829,314)</u>	<u>604,098</u>	<u>(898,406)</u>	<u>-</u>	<u>2,001,593</u>	<u>(59,344)</u>	<u>(2,112,454)</u>
Beginning Net Position	<u>(5,264,415)</u>	<u>1,032,136</u>	<u>3,533,690</u>	<u>28,085,407</u>	<u>1,070,067</u>	<u>3,623,231</u>	<u>-</u>	<u>834,591</u>	<u>121,820,371</u>
Ending Net Position	<u>\$ -</u>	<u>\$ 452,548</u>	<u>\$ 2,704,376</u>	<u>\$ 28,689,505</u>	<u>\$ 171,661</u>	<u>\$ 3,623,231</u>	<u>\$ 2,001,593</u>	<u>\$ 775,247</u>	<u>\$ 119,707,917</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 20 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, 2022:

	Balance 12/31/21	Additions and Transfers In	Disposals and Transfers Out	Balance 12/31/2022
Land	\$ 11,329,876	\$ -	\$ -	\$ 11,329,876
Construction in Progress	59,554,955	221,144	(24,733)	59,751,366
Total Capital Assets not Being Depreciated	70,884,831	221,144	(24,733)	71,081,242
Buildings and Improvements	587,651,175	70,552,322	(78,904,547)	579,298,950
Capital Lease	-	-	-	-
Right-of-Use Assets	45,310,000	35,134,146	-	80,444,146
Equipment	20,601,675	2,102,654	(2,087,606)	20,616,723
Total	653,562,850	107,789,122	(80,992,153)	680,359,819
Less: Accumulated Depreciation	(180,563,152)	(18,982,445)	51,450,686	(148,094,911)
Total Capital Assets Being Depreciated	467,949,698	88,806,677	(29,541,467)	532,264,908
Total Capital Assets, Net	<u>\$ 538,834,529</u>	<u>\$ 89,027,821</u>	<u>\$ (29,566,200)</u>	<u>\$ 603,346,150</u>

Summarized Notes Payable – Discretely Presented Component Units

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

	December 31, 2022
Notes Payable - General Partner	\$ 160,113,972
Mortgages and Other Housing Related Notes	278,984,542
Total	439,098,514
Less: Current Portion	(2,236,643)
Noncurrent Portion	<u>\$ 436,861,871</u>

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

Balance January 1, 2022	Increase	Decrease	Balance December 31, 2022
<u>\$ 433,802,719</u>	<u>\$ 106,298,100</u>	<u>\$ (101,002,305)</u>	<u>\$ 439,098,514</u>

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 21 COMMITMENTS AND CONTINGENCIES

Leases

At December 31, 2022, Home Forward has approximately 11,420 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, 2022 was approximately \$118,321,906. These leases are not subject to GASB 87, *Leases*.

Construction Commitments

As of December 31, 2022, Home Forward had construction commitments of approximately \$87,143,325.

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 2023 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 \$3,134,956.

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, 2022, no additional liability existed relating to excess operating deficits for any of the partnerships.

NOTE 22 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.

**HOME FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 22 RISK MANAGEMENT (CONTINUED)

Marsh's comprehensive insurance provides coverage for 2,504 affordable units, 1 New Market West property, 463 public housing units, 222 special needs units, 1 parcel of land being held for future development, and 50 vehicles. It also includes actions by Home Forward employees, directors, officers, and departments. 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.

Marsh coverage as of December 31, 2022 includes:

<u>Liabilities</u>	<u>Deductible</u>	<u>Coverage</u>
Property/Earthquake/Flood/Business Interruption	\$ 100,000	\$ 100,000,000
Boiler/Machinery/Equipment	5,000	100,000,000
General Liability	250,000	2,000,000
Automobile	250,000	2,000,000
Professional Liability	250,000	2,000,000
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	150,000	1,000,000
Lloyds/Roanoke Property Terrorism	10,000	50,000,000

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 one liability claim as of December 31, 2022.

For several years, Home Forward experienced significant increases in its insurance costs. In order to address these increases, Home Forward created a Home Forward controlled pure captive insurance company.

In August 2020, the Board of Commissioners approved Resolution 20-08-02 authorizing Home Forward to establish a pure captive insurance company. On December 24, 2020, the HF Insurance Group LLC (HFIG) was formed. The Captive is a Class 2 limited liability company managed by Home Forward as the sole member and will insure the risks of Home Forward and its affiliates.

This captive will allow Home Forward to provide insurance coverage to itself and its related entities, reduce its exposure in the retail insurance market, and gain access to reinsurance markets. It will also allow Home Forward to build insurance reserves to support its ability to retain more risk. The captive was initially structured to provide only property related coverage but on January 1, 2022 also began to provide general liability, auto liability, and Errors & Omissions insurance coverage. We continue to explore additional types of insurance for future policy years.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

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, 2022	0.18449827 %	\$ 28,250,387	\$ 26,324,526	107.32 %	84.50 %
June 30, 2021	0.15246390	18,244,562	23,403,663	77.96	87.60
June 30, 2020	0.14600007	31,862,281	22,943,155	138.87	75.80
June 30, 2019	0.14322567	24,774,611	18,423,720	134.47	80.20
June 30, 2018	0.14164116	21,456,770	17,367,082	123.55	82.10
June 30, 2017	0.15329650	20,664,424	17,227,380	119.95	83.10
June 30, 2016	0.15888919	23,852,957	17,299,181	137.88	80.50
June 30, 2015	0.15526214	8,914,316	17,560,069	50.76	91.90
June 30, 2014	0.16124152	(3,654,885)	16,954,319	(21.56)	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, 2022	\$ 5,414,178	\$ 5,414,178	-	\$ 26,324,526	20.57%
December 31, 2021	3,387,161	3,387,161	-	23,403,663	14.47
December 31, 2020	2,758,006	2,758,006	-	22,943,155	12.02
December 31, 2019	2,044,769	2,044,769	-	18,423,720	11.10
December 31, 2018**	1,846,617	1,846,617	-	17,367,082	10.63
March 31, 2018	1,755,769	1,755,769	-	17,227,380	10.19
March 31, 2017	1,476,588	1,476,588	-	17,299,181	8.54
March 31, 2016	1,465,817	1,465,817	-	17,560,069	8.35
March 31, 2015	1,565,938	1,565,938	-	16,954,319	9.24

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 nine 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.

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

OTHER POST EMPLOYMENT BENEFITS

Retirement Health Insurance Account (RHIA)

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, 2022	0.15691889 %	\$ 557,588	\$ 26,324,526	2.12 %
June 30, 2021	0.11964643	410,866	23,403,663	1.76
June 30, 2020	0.08330245	169,736	22,943,155	0.74
June 30, 2019	0.14722967	284,501	18,423,720	1.54
June 30, 2018	0.13862370	154,742	17,367,082	0.89
June 30, 2017	0.14138662	59,006	17,227,380	0.34

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, 2022	\$ 27,301	\$ 27,301	\$ -	\$ 26,324,526	0.26 %
December 31, 2021	67,196	67,196	-	23,403,663	0.29
December 31, 2020	61,211	61,211	-	22,943,155	0.27
December 31, 2019	73,049	73,049	-	18,423,720	0.40
December 31, 2018***	66,536	66,536	-	17,367,082	0.38
March 31, 2018	109,892	109,892	-	17,227,380	0.64

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 six 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 SIX 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, 2022***	December 31, 2021***	December 31, 2020***	December 31, 2019***	December 31, 2018***	March 31, 2018***
Beginning of Year - January 1	\$ 986,736	\$ 932,648	\$ 887,379	\$ 900,487	\$ 1,415,327	\$ 1,384,796
Benefit Payments	(32,264)	(48,271)	(60,911)	(98,600)	(66,832)	67,210
Service Cost	64,555	83,100	80,290	50,593	36,662	51,747
Interest on Total OPEB Liability	20,577	19,259	18,167	34,899	42,494	(58,362)
Change in Assumptions	(189,381)	-	119,179	-	(512,048)	(15,894)
Experience (Gain) Loss	40,348	-	(111,456)	-	(15,116)	(14,170)
Total Changes	<u>(96,165)</u>	<u>54,088</u>	<u>45,269</u>	<u>(13,108)</u>	<u>(514,840)</u>	<u>30,531</u>
End of Year - December 31	<u>\$ 890,571</u>	<u>\$ 986,736</u>	<u>\$ 932,648</u>	<u>\$ 887,379</u>	<u>\$ 900,487</u>	<u>\$ 1,415,327</u>
Covered Payroll**	\$ 26,324,526	\$ 23,403,663	\$ 22,943,155	\$ 17,030,216	\$ 16,454,315	\$ 15,368,318
Total Liability as a Percentage of its Covered Payroll	3.38%	4.22%	4.07%	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 six 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, 2022**

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis	Ainsworth Court
ASSETS AND DEFERRED OUTFLOWS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 2,667,927	\$ 752,956	\$ 746,456	\$ 2,082,007	\$ 97,726	\$ 4,358	\$ 33,154	\$ 553,245	\$ 441,873	\$ 322,027	\$ 357,718
Cash and Cash Equivalents - Restricted	48,397	210,508	11,638	75,333	181,354	706,629	533,507	1,719,501	1,159,646	923,823	804,296
Accounts Receivable, Net	2,812,954	23,749	1,386,887	1,469,069	5,044	5,045	28,086	50,178	37,746	2,835	388,680
Prepaid Expenses	-	-	-	340	290	43,411	651	6,938	3,760	15,949	2,064
Total Current Assets	<u>5,529,278</u>	<u>987,213</u>	<u>2,144,981</u>	<u>3,626,749</u>	<u>284,414</u>	<u>759,443</u>	<u>595,398</u>	<u>2,329,862</u>	<u>1,643,025</u>	<u>1,264,634</u>	<u>1,552,758</u>
NONCURRENT ASSETS											
Notes Receivable and Accrued Interest Receivable	-	-	25,510	-	-	1,195,106	-	-	-	642,815	-
Capital Assets not being Depreciated	157,489	579,600	731,732	140,332	292,240	432,880	138,456	952,468	572,089	1,046,424	1,115,635
Capital Assets being Depreciated, Net	333,899	1,838,118	921,921	424,097	1,507,566	1,604,168	160,665	1,055,111	1,616,310	5,681,182	852,139
Total Noncurrent Assets	<u>491,388</u>	<u>2,417,718</u>	<u>1,679,163</u>	<u>564,429</u>	<u>1,799,806</u>	<u>3,232,154</u>	<u>299,121</u>	<u>2,007,579</u>	<u>2,188,399</u>	<u>7,370,421</u>	<u>1,967,774</u>
Total Assets	<u>\$ 6,020,666</u>	<u>\$ 3,404,931</u>	<u>\$ 3,824,144</u>	<u>\$ 4,191,178</u>	<u>\$ 2,084,220</u>	<u>\$ 3,991,597</u>	<u>\$ 894,519</u>	<u>\$ 4,337,441</u>	<u>\$ 3,831,424</u>	<u>\$ 8,635,055</u>	<u>\$ 3,520,532</u>
LIABILITIES AND NET POSITION											
CURRENT LIABILITIES											
Accounts Payable	\$ 17,282	\$ 55,664	\$ 29,300	\$ 8,674	\$ 73,419	\$ 236,190	\$ 265,108	\$ 18,646	\$ 68,052	\$ 124	\$ 5,696
Accrued Interest Payable	-	4,694	-	-	3,049	1,744,644	3,610	370,782	1,678,635	87,350	6,725
Other Accrued Liabilities	16,075	(1,781)	11,517	14,710	13,980	4,660	317,365	156,051	-	4,726	8,505
Deferred Revenue	15,242	4,365	13,599	18,606	9,625	26,239	19,124	54,358	41,688	36,538	13,351
Deposits, Payable from Restricted Assets	16,028	6,535	11,639	15,950	12,544	21,530	20,466	76,397	66,219	30,940	41,415
Current Portion of Notes and Bonds Payable	-	63,836	-	-	65,394	11,352	134,607	460,270	95,000	75,619	111,988
Total Current Liabilities	<u>64,627</u>	<u>133,313</u>	<u>66,055</u>	<u>57,940</u>	<u>178,011</u>	<u>2,044,615</u>	<u>760,280</u>	<u>1,136,504</u>	<u>1,949,594</u>	<u>235,297</u>	<u>187,680</u>
NONCURRENT LIABILITIES											
Notes Payable	-	964,839	-	-	2,085,788	2,092,284	-	218,664	2,664,000	8,551,615	2,671,747
Bonds Payable	-	-	-	-	-	-	508,373	1,700,000	3,275,000	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>964,839</u>	<u>-</u>	<u>-</u>	<u>2,085,788</u>	<u>2,092,284</u>	<u>508,373</u>	<u>1,918,664</u>	<u>5,939,000</u>	<u>8,551,615</u>	<u>2,671,747</u>
Total Liabilities	<u>64,627</u>	<u>1,098,152</u>	<u>66,055</u>	<u>57,940</u>	<u>2,263,799</u>	<u>4,136,899</u>	<u>1,268,653</u>	<u>3,055,168</u>	<u>7,888,594</u>	<u>8,786,912</u>	<u>2,859,427</u>
Deferred Inflows of Resources - Leases	-	-	24,896	-	-	1,169,824	-	-	-	647,332	-
NET POSITION	<u>5,956,039</u>	<u>2,306,779</u>	<u>3,733,193</u>	<u>4,133,238</u>	<u>(179,579)</u>	<u>(1,315,126)</u>	<u>(374,134)</u>	<u>1,282,273</u>	<u>(4,057,170)</u>	<u>(799,189)</u>	<u>661,105</u>
Total Liabilities and Net Position	<u>\$ 6,020,666</u>	<u>\$ 3,404,931</u>	<u>\$ 3,824,144</u>	<u>\$ 4,191,178</u>	<u>\$ 2,084,220</u>	<u>\$ 3,991,597</u>	<u>\$ 894,519</u>	<u>\$ 4,337,441</u>	<u>\$ 3,831,424</u>	<u>\$ 8,635,055</u>	<u>\$ 3,520,532</u>

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING (CONTINUED)
DECEMBER 31, 2022

	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial	Commercial Space at Lloyd Housing	Yards at Union Station
ASSETS AND DEFERRED OUTFLOWS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 7,726,582	\$ 4,456,733	\$ 19,862	\$ 297,110	\$ 203,246	\$ 349,828	\$ 109,318	\$ 103,891	\$ 62,823	\$ 143	\$ 321,252
Cash and Cash Equivalents - Restricted	2,313,236	1,330,366	234,756	178,603	136,713	104,287	210,562	138,308	-	-	1,005,861
Accounts Receivable, Net	60,316	88,282	36	61,283	1,125	45,687	21,921	4,603	-	176	60,463
Prepaid Expenses	-	-	629	-	43	-	3,543	630	153	-	10,968
Total Current Assets	10,100,134	5,875,381	255,283	536,996	341,127	499,802	345,344	247,432	62,976	319	1,398,544
NONCURRENT ASSETS											
Notes Receivable and Accrued Interest Receivable	52,621	-	24,425	-	-	248,919	-	-	333,000	-	3,610
Capital Assets not being Depreciated	964,307	702,000	162,767	465,000	363,581	899,618	285,850	188,664	-	14,155	671,000
Capital Assets being Depreciated, Net	9,635,168	3,117,629	739,768	6,637,828	760,774	1,324,075	1,475,969	629,946	17,068	1,630,825	1,238,986
Total Noncurrent Assets	10,652,096	3,819,629	926,960	7,102,828	1,124,355	2,472,612	1,761,819	818,610	350,068	1,644,980	1,913,596
Total Assets	\$ 20,752,230	\$ 9,695,010	\$ 1,182,243	\$ 7,639,824	\$ 1,465,482	\$ 2,972,414	\$ 2,107,163	\$ 1,066,042	\$ 413,044	\$ 1,645,299	\$ 3,312,140
LIABILITIES AND NET POSITION											
CURRENT LIABILITIES											
Accounts Payable	\$ 1,861,663	\$ 1,054,009	\$ -	\$ 306,957	\$ 59,498	\$ 522,343	\$ 135,721	\$ 20,809	\$ 50,479	\$ 14,956	\$ 30,008
Accrued Interest Payable	25,305	10,457	1,711	11,883	4,623	359	2,048,402	701	-	-	22,584
Other Accrued Liabilities	19,999	43,729	4,320	8,832	12,583	1,111,878	125,000	5,641	15,788	-	9,900
Deferred Revenue	81,095	147,953	847	81,240	7,972	70,382	16,739	4,251	2,335	-	13,783
Deposits, Payable from Restricted Assets	206,071	109,530	4,800	16,178	7,836	9,148	31,656	5,400	-	-	64,014
Current Portion of Notes and Bonds Payable	281,692	134,610	26,379	97,697	96,281	36,876	-	29,548	-	-	430,912
Total Current Liabilities	2,475,825	1,500,288	38,057	522,787	188,793	1,750,986	2,357,518	66,350	68,602	14,956	571,201
NONCURRENT LIABILITIES											
Notes Payable	9,674,398	3,934,397	554,747	4,866,299	1,266,376	755,595	1,960,936	496,192	-	-	426,638
Bonds Payable	-	-	-	-	-	-	-	-	-	-	2,405,000
Total Noncurrent Liabilities	9,674,398	3,934,397	554,747	4,866,299	1,266,376	755,595	1,960,936	496,192	-	-	2,831,638
Total Liabilities	12,150,223	5,434,685	592,804	5,389,086	1,455,169	2,506,581	4,318,454	562,542	68,602	14,956	3,402,839
Deferred Inflows of Resources - Leases	49,754	-	23,702	-	-	244,383	-	-	326,773	-	-
NET POSITION	8,552,253	4,260,325	565,737	2,250,738	10,313	221,450	(2,211,291)	503,500	17,669	1,630,343	(90,699)
Total Liabilities and Net Position	\$ 20,752,230	\$ 9,695,010	\$ 1,182,243	\$ 7,639,824	\$ 1,465,482	\$ 2,972,414	\$ 2,107,163	\$ 1,066,042	\$ 413,044	\$ 1,645,299	\$ 3,312,140

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – AFFORDABLE HOUSING (CONTINUED)
DECEMBER 31, 2022

	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Dekum Court	Cora Park Apartments	Chateau Apartments	East Area A Scattered Sites	Totals
ASSETS AND DEFERRED OUTFLOWS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 115,618	\$ 112,526	\$ 109,072	\$ 126,000	\$ 306,466	\$ -	\$ 32,021	\$ 128,227	\$ 122,375	\$ 103,551	\$ 22,866,091
Cash and Cash Equivalents - Restricted	152,458	1,308,829	178,066	82,660	1,618,327	-	21,693	-	-	-	15,389,357
Accounts Receivable, Net	8,902	9,533	12,890	4,909	75,378	-	-	-	-	-	6,665,777
Prepaid Expenses	-	13,343	613	307	30,961	-	-	-	-	-	134,593
Total Current Assets	<u>276,978</u>	<u>1,444,231</u>	<u>300,641</u>	<u>213,876</u>	<u>2,031,132</u>	<u>-</u>	<u>53,714</u>	<u>128,227</u>	<u>122,375</u>	<u>103,551</u>	<u>45,055,818</u>
NONCURRENT ASSETS											
Notes Receivable and Accrued Interest Receivable	-	83,665	-	-	975,375	-	-	-	-	-	3,585,046
Capital Assets not being Depreciated	225,000	406,124	448,845	90,000	1,997,915	-	-	17,000	-	-	14,061,171
Capital Assets being Depreciated, Net	882,965	3,216,849	1,765,586	748,069	7,730,536	-	3,095	-	-	-	57,550,312
Total Noncurrent Assets	<u>1,107,965</u>	<u>3,706,638</u>	<u>2,214,431</u>	<u>838,069</u>	<u>10,703,826</u>	<u>-</u>	<u>3,095</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>75,196,529</u>
Total Assets	<u>\$ 1,384,943</u>	<u>\$ 5,150,869</u>	<u>\$ 2,515,072</u>	<u>\$ 1,051,945</u>	<u>\$ 12,734,958</u>	<u>\$ -</u>	<u>\$ 56,809</u>	<u>\$ 145,227</u>	<u>\$ 122,375</u>	<u>\$ 103,551</u>	<u>\$ 120,252,347</u>
LIABILITIES AND NET POSITION											
CURRENT LIABILITIES											
Accounts Payable	\$ 3,653	\$ 72,289	\$ 210,522	\$ 331,762	\$ 110,624	\$ -	\$ 63,784	\$ 38,373	\$ 14,199	\$ 5,285	\$ 5,685,089
Accrued Interest Payable	844	60,698	113,397	1,179	115,743	-	-	-	-	-	6,317,375
Other Accrued Liabilities	17,833	2,000	15,213	1,909	25,253	842,640	92,590	1,265	10,658	5,401	2,918,240
Deferred Revenue	25,427	64,240	15,306	6,505	48,607	-	1,384	(364)	(972)	(814)	838,651
Deposits, Payable from Restricted Assets	16,346	51,387	13,572	775	104,859	-	20,595	(202)	-	-	981,628
Current Portion of Notes and Bonds Payable	39,396	135,691	72,778	23,498	746,069	-	1,876	-	-	-	3,171,369
Total Current Liabilities	<u>103,499</u>	<u>386,305</u>	<u>440,788</u>	<u>365,628</u>	<u>1,151,155</u>	<u>842,640</u>	<u>180,229</u>	<u>39,072</u>	<u>23,885</u>	<u>9,872</u>	<u>19,912,352</u>
NONCURRENT LIABILITIES											
Notes Payable	361,731	2,421,247	1,271,216	1,203,862	1,426,677	-	1,255	-	-	-	49,870,503
Bonds Payable	-	2,815,000	-	-	6,321,741	-	-	-	-	-	17,025,114
Total Noncurrent Liabilities	<u>361,731</u>	<u>5,236,247</u>	<u>1,271,216</u>	<u>1,203,862</u>	<u>7,748,418</u>	<u>-</u>	<u>1,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,895,617</u>
Total Liabilities	<u>465,230</u>	<u>5,622,552</u>	<u>1,712,004</u>	<u>1,569,490</u>	<u>8,899,573</u>	<u>842,640</u>	<u>181,484</u>	<u>39,072</u>	<u>23,885</u>	<u>9,872</u>	<u>86,807,969</u>
Deferred Inflows of Resources - Leases	-	81,476	-	-	961,195	-	-	-	-	-	3,529,335
NET POSITION	<u>919,713</u>	<u>(553,159)</u>	<u>803,068</u>	<u>(517,545)</u>	<u>2,874,190</u>	<u>(842,640)</u>	<u>(124,675)</u>	<u>106,155</u>	<u>98,490</u>	<u>93,679</u>	<u>29,915,043</u>
Total Liabilities and Net Position	<u>\$ 1,384,943</u>	<u>\$ 5,150,869</u>	<u>\$ 2,515,072</u>	<u>\$ 1,051,945</u>	<u>\$ 12,734,958</u>	<u>\$ -</u>	<u>\$ 56,809</u>	<u>\$ 145,227</u>	<u>\$ 122,375</u>	<u>\$ 103,551</u>	<u>\$ 120,252,347</u>

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING
YEAR ENDED DECEMBER 31, 2022

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis	Ainsworth Court
OPERATING REVENUES											
Dwelling Rental	\$ 1,014,317	\$ 444,697	\$ 830,404	\$ 984,372	\$ 310,274	\$ 497,088	\$ 707,467	\$ 1,838,145	\$ 1,148,550	\$ 918,378	\$ 889,924
Nondwelling Rental	32,907	-	96,348	1,046	823	132,003	893	18,485	6,682	118,125	2,279
HUD Operating Subsidies	-	299,201	360	400	-	-	-	-	-	-	-
HUD grants	-	14,927	4,939	449	-	-	-	30,503	4,490	-	898
State, Local, and Other Grants	-	-	-	-	-	-	-	-	-	-	-
Other	6,110	4,494	18,984	8,323	1,955	21,818	22,532	42,836	5,920	43,087	6,830
Total Operating Revenues	1,053,334	763,319	951,035	994,590	313,052	650,909	730,892	1,929,969	1,165,642	1,079,590	899,931
OPERATING EXPENSES											
Housing Assistance Payments	248	-	-	663	-	-	-	-	-	-	-
Administration	202,362	65,086	215,801	194,588	52,081	419,254	232,074	492,130	439,230	290,384	119,414
Financing Costs	-	-	-	-	-	9,194	-	-	-	-	-
Program Expense	28,701	55,993	9,173	57,119	-	3,934	6,589	11,391	20,300	-	-
Tenant Services	-	927	-	-	900	7,333	7,200	121	-	-	-
Utilities	120,167	98,224	148,067	97,596	47,171	135,509	85,606	210,057	173,802	167,805	95,003
Maintenance	137,677	182,198	233,394	127,198	84,120	344,213	276,401	507,801	266,862	246,183	138,466
Depreciation	25,923	185,399	73,928	65,947	72,144	118,112	145,202	389,602	310,387	187,349	159,354
General and Other	61,231	13,731	14,947	46,735	13,769	119,596	69,604	163,526	49,873	138,765	32,936
Total Operating Expenses	576,309	601,558	695,310	589,846	270,185	1,157,145	822,676	1,774,628	1,260,454	1,030,486	545,173
OPERATING INCOME (LOSS)	477,025	161,761	255,725	404,744	42,867	(506,236)	(91,784)	155,341	(94,812)	49,104	354,758
NONOPERATING REVENUES (EXPENSES)											
Investment Income	2,407	3,736	2,183	14,510	163	33,490	3,651	22,772	5,204	17,904	1,074
Interest Expense	-	(56,794)	-	-	(37,727)	(64,048)	(19,370)	(108,802)	(220,200)	(125,813)	(85,868)
Equity Transfer	-	-	-	-	-	-	-	-	-	-	-
Loss on Sale of Assets	-	-	-	-	-	-	(130)	(3,778)	(12,648)	(7,724)	-
Total Nonoperating Revenues (Expenses)	2,407	(53,058)	2,183	14,510	(37,564)	(30,558)	(15,849)	(89,808)	(227,644)	(115,633)	(84,794)
CAPITAL CONTRIBUTIONS											
HUD Nonoperating Contributions	-	-	-	-	-	-	-	-	-	-	-
Other Nonoperating Contributions	521	-	2,607	-	-	399,937	(1,121)	85,000	-	4,693	(197,679)
Total Capital Contributions	521	-	2,607	-	-	399,937	(1,121)	85,000	-	4,693	(197,679)
INCREASE (DECREASE) IN NET POSITION	479,953	108,703	260,515	419,254	5,303	(136,857)	(108,754)	150,533	(322,456)	(61,836)	72,285
Net Position - Beginning of Year	5,476,086	2,198,075	3,472,679	3,713,984	(184,881)	(1,178,270)	(265,380)	1,131,740	(3,734,714)	(737,352)	588,819
NET POSITION - END OF YEAR	<u>\$ 5,956,039</u>	<u>\$ 2,306,778</u>	<u>\$ 3,733,194</u>	<u>\$ 4,133,238</u>	<u>\$ (179,578)</u>	<u>\$ (1,315,127)</u>	<u>\$ (374,134)</u>	<u>\$ 1,282,273</u>	<u>\$ (4,057,170)</u>	<u>\$ (799,188)</u>	<u>\$ 661,104</u>

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial	Commercial Space at Lloyd Housing	Yards at Union Station
OPERATING REVENUES											
Dwelling Rental	\$ 4,547,494	\$ 2,503,222	\$ 211,666	\$ 527,492	\$ 419,737	\$ 218,403	\$ 582,402	\$ 186,709	\$ -	\$ -	\$ 1,502,581
Nondwelling Rental	35,325	28,545	12,077	5,024	-	52,257	1,240	267	52,753	-	-
HUD Operating Subsidies	-	-	-	-	-	-	-	-	-	-	-
HUD grants	-	13,629	1,947	-	-	-	2,694	649	-	-	9,429
State, Local, and Other Grants	-	-	-	-	-	-	-	-	-	-	-
Other	64,219	11,442	5,392	51,753	4,131	211	77,722	1,341	66,059	-	36,789
Total Operating Revenues	4,647,038	2,556,838	231,082	584,269	423,868	270,871	664,058	188,966	118,812	-	1,548,799
OPERATING EXPENSES											
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-
Administration	522,634	338,181	58,265	57,903	57,526	58,273	224,987	50,743	6,341	-	392,235
Financing Costs	-	-	-	-	-	-	-	-	-	-	-
Program Expense	-	1,325	-	1,349	-	27,067	11,832	-	-	-	27,528
Tenant Services	-	-	-	-	-	-	-	-	-	-	-
Utilities	430,048	232,092	29,926	100,921	87,228	81,682	158,139	36,889	61,305	-	159,508
Maintenance	676,966	442,846	58,561	90,376	51,774	85,176	330,166	139,572	19,912	-	435,101
Depreciation	893,766	409,047	112,520	185,479	113,188	68,325	135,276	88,300	1,493	54,385	414,143
General and Other	324,576	147,284	9,895	48,544	11,456	27,047	127,294	10,230	4,788	-	145,635
Total Operating Expenses	2,847,990	1,570,775	269,167	484,572	321,172	347,570	987,694	325,734	93,839	54,385	1,574,150
OPERATING INCOME (LOSS)	1,799,048	986,063	(38,085)	99,697	102,696	(76,699)	(323,636)	(136,768)	24,973	(54,385)	(25,351)
NONOPERATING REVENUES (EXPENSES)											
Investment Income	43,383	37,088	866	786	466	6,869	229	26	8,847	1	22,600
Interest Expense	(307,501)	(127,579)	(21,046)	(141,138)	(56,121)	(4,557)	(82,035)	(9,039)	-	-	(147,995)
Equity Transfer	-	-	-	66,000	-	-	-	-	-	-	70,000
Loss on Sale of Assets	-	(3,224)	-	-	-	(115,940)	-	(29,574)	-	-	-
Total Nonoperating Revenues (Expenses)	(264,118)	(93,715)	(20,180)	(74,352)	(55,655)	(113,628)	(81,806)	(38,587)	8,847	1	(55,395)
CAPITAL CONTRIBUTIONS											
HUD Nonoperating Contributions	-	-	-	-	-	-	-	-	-	-	-
Other Nonoperating Contributions	-	-	-	-	(24,264)	255,888	-	33,317	-	7,003	327,132
Total Capital Contributions	-	-	-	-	(24,264)	255,888	-	33,317	-	7,003	327,132
INCREASE (DECREASE) IN NET POSITION	1,534,930	892,348	(58,265)	25,345	22,777	65,561	(405,442)	(142,038)	33,820	(47,381)	246,386
Net Position - Beginning of Year	7,017,325	3,367,978	624,002	2,225,393	(12,464)	155,889	(1,805,849)	645,538	(16,151)	1,677,724	(337,085)
NET POSITION - END OF YEAR	\$ 8,552,255	\$ 4,260,326	\$ 565,737	\$ 2,250,738	\$ 10,313	\$ 221,450	\$ (2,211,291)	\$ 503,500	\$ 17,669	\$ 1,630,343	\$ (90,699)

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – AFFORDABLE HOUSING (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Dekum Court	Cora Park Apartments	Chateau Apartments	East Area A Scattered Sites	Totals
OPERATING REVENUES											
Dwelling Rental	\$ 277,639	\$ 1,230,588	\$ 544,275	\$ 144,662	\$ 2,002,851	\$ -	\$ 222,353	\$ 140,883	\$ 118,539	\$ 107,405	\$ 25,072,517
Nondwelling Rental	-	54,541	2	160	220,855	-	-	-	-	-	872,637
HUD Operating Subsidies	-	-	-	-	-	-	-	-	-	-	299,961
HUD grants	10,327	14,368	-	-	898	-	2,596	19,495	18,344	14,870	165,452
State, Local, and Other Grants	-	-	-	-	-	-	-	-	-	-	-
Other	8,025	14,847	14,042	5,464	76,508	-	(104)	1,316	506	-	622,552
Total Operating Revenues	295,991	1,314,344	558,319	150,286	2,301,112	-	224,845	161,694	137,389	122,275	27,033,119
OPERATING EXPENSES											
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	911
Administration	56,866	384,022	106,937	30,925	397,395	-	15,148	819	(13)	19	5,481,610
Financing Costs	-	-	-	-	-	-	-	-	-	-	9,194
Program Expense	29	-	-	-	15,313	-	35,740	2,120	5,931	3,954	325,388
Tenant Services	-	-	11,094	177	-	-	145,378	22,957	6,543	-	202,630
Utilities	77,796	244,463	138,695	21,173	241,651	-	66,953	19,395	11,340	14,712	3,592,923
Maintenance	82,018	414,752	181,923	45,091	392,156	-	76,802	10,228	14,835	9,467	6,102,235
Depreciation	164,439	205,145	58,044	44,358	285,529	-	-	-	-	-	4,966,784
General and Other	24,398	83,841	39,469	7,213	177,958	-	9,408	541	263	444	1,924,997
Total Operating Expenses	405,546	1,332,223	536,162	148,937	1,510,002	-	349,429	56,060	38,899	28,596	22,606,672
OPERATING INCOME (LOSS)	(109,555)	(17,879)	22,157	1,349	791,110	-	(124,584)	105,634	98,490	93,679	4,426,447
NONOPERATING REVENUES (EXPENSES)											
Investment Income	69	7,192	171	77	59,652	-	-	-	-	-	295,416
Interest Expense	(10,870)	(132,885)	(72,886)	(14,654)	(324,631)	-	(91)	-	-	-	(2,171,650)
Equity Transfer	-	-	-	-	-	-	-	-	-	-	136,000
Loss on Sale of Assets	-	-	-	-	-	-	-	-	-	-	(173,018)
Total Nonoperating Revenues (Expenses)	(10,801)	(125,693)	(72,715)	(14,577)	(264,979)	-	(91)	-	-	-	(1,913,252)
CAPITAL CONTRIBUTIONS											
HUD Nonoperating Contributions	-	-	-	-	-	-	-	-	-	-	-
Other Nonoperating Contributions	-	(74,683)	40,129	-	(59,982)	-	-	521	-	-	799,019
Total Capital Contributions	-	(74,683)	40,129	-	(59,982)	-	-	521	-	-	799,019
INCREASE (DECREASE) IN NET POSITION	(120,356)	(218,255)	(10,429)	(13,228)	466,149	-	(124,675)	106,155	98,490	93,679	3,312,214
Net Position - Beginning of Year	1,040,069	(334,904)	813,497	(504,317)	2,408,041	(842,640)	-	-	-	-	26,602,832
NET POSITION - END OF YEAR	<u>\$ 919,713</u>	<u>\$ (553,159)</u>	<u>\$ 803,068</u>	<u>\$ (517,545)</u>	<u>\$ 2,874,190</u>	<u>\$ (842,640)</u>	<u>\$ (124,675)</u>	<u>\$ 106,155</u>	<u>\$ 98,490</u>	<u>\$ 93,679</u>	<u>\$ 29,915,046</u>

**HOME FORWARD
COMBINING SCHEDULE OF NET POSITION – SPECIAL NEEDS HOUSING
DECEMBER 31, 2022**

ASSETS	<u>Carriage Hill</u>	<u>Project Open Door</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 3,642	\$ 10,800	\$ 14,442
Cash and Cash Equivalents - Restricted	6,751	101,961	108,712
Accounts Receivable Net	305	789	1,094
Total Current Assets	<u>10,698</u>	<u>113,550</u>	<u>124,248</u>
NONCURRENT ASSETS			
Capital Assets not being Depreciated	75,424	71,104	146,528
Capital Assets being Depreciated, Net	201,563	265,551	467,114
Total Noncurrent Assets	<u>276,987</u>	<u>336,655</u>	<u>613,642</u>
 Total Assets	 <u>\$ 287,685</u>	 <u>\$ 450,205</u>	 <u>\$ 737,890</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 11,279	\$ 3,715	\$ 14,994
Accrued Interest Payable	54	73	127
Other Accrued Liabilities	18,626	47,396	66,022
Unearned Revenue	2,097	4,167	6,264
Deposits, Payable from Restricted Assets	175	1,382	1,557
Current Portion of Notes and Bond Payable	1,960	17,377	19,337
Total Current Liabilities	<u>34,191</u>	<u>74,110</u>	<u>108,301</u>
NONCURRENT LIABILITIES			
Notes Payable	<u>198,329</u>	<u>69,757</u>	<u>268,086</u>
 Total Liabilities	 232,520	 143,867	 376,387
NET POSITION	<u>55,165</u>	<u>306,338</u>	<u>361,503</u>
 Total Liabilities and Net Position	 <u>\$ 287,685</u>	 <u>\$ 450,205</u>	 <u>\$ 737,890</u>

HOME FORWARD
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – SPECIAL NEEDS HOUSING
YEAR ENDED DECEMBER 31, 2022

	Carriage Hill	Project Open Door	Total
OPERATING REVENUES			
Dwelling Rental	\$ 33,386	\$ 66,779	\$ 100,165
Other	-	-	-
Total Operating Revenues	<u>33,386</u>	<u>66,779</u>	<u>100,165</u>
OPERATING EXPENSES			
Administration	118	4,645	4,764
Program Expense	4,903	14,046	18,949
Tenant Services	-	362	362
Utilities	8,857	22,980	31,837
Maintenance	29,118	53,824	82,942
Depreciation	12,389	20,561	32,950
General and Other	5,278	19,221	24,499
Total Operating Expenses	<u>60,663</u>	<u>135,639</u>	<u>196,303</u>
OPERATING LOSS	(27,277)	(68,860)	(96,138)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	317	810	1,127
Interest Expense	(931)	(1,038)	(1,969)
Total Nonoperating Revenues (Expenses)	<u>(614)</u>	<u>(228)</u>	<u>(842)</u>
DECREASE IN NET POSITION	(27,891)	(69,088)	(96,979)
Net Position - Beginning of Year	<u>83,056</u>	<u>375,426</u>	<u>458,482</u>
NET POSITION - END OF YEAR	<u>\$ 55,165</u>	<u>\$ 306,338</u>	<u>\$ 361,503</u>



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, 2022, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated August 31, 2021. 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).

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. However, material weaknesses or significant deficiencies may exist that were not identified.

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.



Mandy L. Merchant
CliftonLarsonAllen LLP

Portland, Oregon
September 28, 2023