Transitional Housing Corporation
DBA Housing Up And Affiliate

Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Transitional Housing Corporation DBA Housing Up And Affiliate

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For the Years Ended December 31, 2021 and 2020

Independent Auditor's Report

To the Board of Directors
Transitional Housing Corporation DBA Housing Up And Affiliate
1322 Main Drive NW Abrams Hall
Washington, DC 20012

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Transitional Housing Corporation DBA Housing Up And Affiliate, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Transitional Housing Corporation DBA Housing Up And Affiliate as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Transitional Housing Corporation DBA Housing Up And Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Transitional Housing Corporation DBA Housing Up And Affiliate'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Transitional Housing Corporation DBA Housing Up And Affiliate'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 29 to 39 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Transitional Housing Corporation DBA Housing Up And Affiliate'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 Transitional Housing Corporation DBA Housing Up And Affiliate'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 Transitional Housing Corporation DBA Housing Up And Affiliate's internal control over financial reporting and compliance.

SC+H attest services, P.C.

Sparks, Maryland
September 27, 2022

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Financial Position
As of December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash	$ 2,306,759	$ 3,061,843
Rents receivable, net of allowance for doubtful accounts of $65,455 - 2021 and $69,372 - 2020	49,250	49,323
Grants receivable	1,085,122	1,293,653
Developer fees receivable, current maturities	7,771	30,390
Resident service fees receivable	79,192	57,149
Other receivables	2,051	-
Prepaid expenses	282,254	235,014
Tenants' security deposits	19,425	19,207
Total current assets	3,831,824	4,746,579
Property and equipment		
Land	1,085,000	1,085,000
Buildings and improvements	11,852,113	11,852,104
Land improvements	271,746	271,746
Leasehold improvements	1,965,934	1,960,226
Furniture, fixtures, and equipment	549,534	524,951
Total property and equipment	15,724,327	15,694,027
Less: accumulated depreciation	3,682,019	3,181,439
Net property and equipment	12,042,308	12,512,588
Other assets		
Security deposit receivable	8,894	9,074
Sponsor loans receivable, including accrued interest receivable of $36,486 - 2021 and $29,655 - 2020	1,439,811	1,435,515
Developer fees receivable, net of current maturities	872,343	438,866
Project development costs	49,925	-
Reserves	270,911	268,330
Escrows	63,045	61,845
Tax credit fees, net of accumulated amortization of $43,502 - 2021 and $36,448 - 2020	27,046	34,100
Other investments	4,458,855	3,486,399
Total other assets	7,190,830	5,734,129
Total assets	$ 23,064,962	$ 22,993,296

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Financial Position (Continued)
As of December 31, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 418,567	$ 372,764
Current maturities of long-term debt	138,398	125,894
Deferred revenue	-	110,340
Asset management fee payable	23,982	19,788
Accrued interest - long-term debt	260,150	204,347
Prepaid rents	14,701	901
Paycheck protection program loan	-	416,207
Accumulated losses in excess of investment	183	183
Tenant security deposits held in trust (contra)	15,220	15,960
Total current liabilities	871,201	1,266,384
Long-term liabilities		
Long-term debt, net of current maturities and unamortized financing fees of $145,554 - 2021 and $154,892 - 2020	4,445,389	4,576,756
Total long-term liabilities	4,445,389	4,576,756
Total liabilities	5,316,590	5,843,140
Commitments and contingencies (Notes 10, 12, 13, and 15)		
Net assets		
Net assets without donor restrictions		
Controlling	11,833,133	10,834,981
Non-controlling	5,408,364	5,703,098
Total net assets without donor restrictions	17,241,497	16,538,079
Net assets with donor restrictions	506,875	612,077
Total net assets	17,748,372	17,150,156
Total liabilities and net assets	$ 23,064,962	$ 22,993,296

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Activities
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue			
Government contracts and grants	$ 9,977,490	$ -	$ 9,977,490
Corporate/individual contributions	771,396	30,000	801,396
In-kind donations	16,400	-	16,400
Rental revenue, net	1,010,762	-	1,010,762
Investment and other income	331,154	-	331,154
Resident services fees	74,082	-	74,082
Developer fees	461,892	-	461,892
Net assets released from purpose related restrictions	135,202	(135,202)	-
Total revenue	12,778,378	(105,202)	12,673,176
Expenses			
Program services:			
Resident services	7,743,505	-	7,743,505
Building operations	1,208,173	-	1,208,173
Affordable housing	908,254	-	908,254
Total program services expenses	9,859,932	-	9,859,932
Supporting services:			
Management and general	1,859,761	-	1,859,761
Fundraising	355,267	-	355,267
Total supporting services expenses	2,215,028	-	2,215,028
Total expenses	12,074,960	-	12,074,960
Change in net assets before non-controlling interest	703,418	(105,202)	598,216
Change in net assets attributable to non-controlling interest	294,734	-	294,734
Change in net assets attributable to Housing Up	$ 998,152	$ (105,202)	$ 892,950

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Activities (Continued)
For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue			
Government contracts and grants	$ 8,684,556	$ -	$ 8,684,556
Corporate/individual contributions	3,121,139	226,000	3,347,139
In-kind donations	68,946	-	68,946
Rental revenue, net	967,070	-	967,070
Investment and other income	221,346	-	221,346
Debt forgiveness income	520,980	-	520,980
Resident services fees	63,015	-	63,015
Developer fees	40,000	-	40,000
Net assets released from purpose related restrictions	147,291	(147,291)	-
Total revenue	13,834,343	78,709	13,913,052
Expenses			
Program services:			
Resident services	6,939,115	-	6,939,115
Building operations	1,169,661	-	1,169,661
Affordable housing	1,008,786	-	1,008,786
Total program services expenses	9,117,562	-	9,117,562
Supporting services:			
Management and general	1,544,931	-	1,544,931
Fundraising	222,916	-	222,916
Total supporting services expenses	1,767,847	-	1,767,847
Total expenses	10,885,409	-	10,885,409
Change in net assets before non-controlling interest	2,948,934	78,709	3,027,643
Change in net assets attributable to non-controlling interest	347,805	-	347,805
Change in net assets attributable to Housing Up	$ 3,296,739	$ 78,709	$ 3,375,448

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	Without donor restrictions				
	Controlling	Non-controlling	Total	With donor restrictions	Total consolidated
Net assets, January 1, 2020	$ 7,538,242	$ 6,050,903	$ 13,589,145	$ 533,368	$ 14,122,513
Change in net assets	3,296,739	(347,805)	2,948,934	78,709	3,027,643
Net assets, December 31, 2020	10,834,981	5,703,098	16,538,079	612,077	17,150,156
Change in net assets	998,152	(294,734)	703,418	(105,202)	598,216
Net assets, December 31, 2021	$ 11,833,133	$ 5,408,364	$ 17,241,497	$ 506,875	$ 17,748,372

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program services				Supporting services			
	Resident services	Building operations	Affordable housing	Total program services	Management and general	Fundraising	Total supporting services	Total expenses
Salaries	$ 4,289,326	$ 34,884	$ 224,253	$ 4,548,463	$ 714,038	$ 205,414	$ 919,452	$ 5,467,915
Rent	2,276,022	7,812	-	2,283,834	-	-	-	2,283,834
Payroll taxes and fringe benefits	843,050	9,624	28,430	881,104	129,503	40,772	170,275	1,051,379
Other professional fees	141,898	561,849	19,347	723,094	119,863	17,127	136,990	860,084
Depreciation and amortization	-	191,422	271,759	463,181	44,454	-	44,454	507,635
Repairs and maintenance	20,165	150,141	88,969	259,275	131,307	-	131,307	390,582
Accounting and legal	-	-	-	-	264,562	-	264,562	264,562
Interest	-	119,520	129,091	248,611	-	-	-	248,611
Utilities	9,993	109,206	75,572	194,771	41,412	-	41,412	236,183
Office expense	30,049	17,054	13,539	60,642	143,664	-	143,664	204,306
Insurance	-	-	22,559	22,559	126,196	-	126,196	148,755
Family services	123,489	-	-	123,489	-	16,366	16,366	139,855
Miscellaneous	557	6,661	32,968	40,186	20,657	16,700	37,357	77,543
Information technology	4,532	-	-	4,532	59,054	6,479	65,533	70,065
Special events	2,569	-	-	2,569	5,038	50,812	55,850	58,419
Travel	1,855	-	-	1,855	28,840	1,597	30,437	32,292
Membership dues and fees	-	-	-	-	24,972	-	24,972	24,972
Other taxes and licenses	-	-	1,767	1,767	6,201	-	6,201	7,968
	$ 7,743,505	$ 1,208,173	$ 908,254	$ 9,859,932	$ 1,859,761	$ 355,267	$ 2,215,028	$ 12,074,960

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statement of Functional Expenses (Continued)
For the Year Ended December 31, 2020

	Program services				Supporting services			
	Resident services	Building operations	Affordable housing	Total program services	Management and general	Fundraising	Total supporting services	Total expenses
Salaries	$ 3,711,077	$ 32,602	$ 255,045	$ 3,998,724	$ 551,009	$ 127,731	$ 678,740	$ 4,677,464
Rent	2,017,080	8,400	-	2,025,480	-	-	-	2,025,480
Payroll taxes and fringe benefits	776,001	6,927	54,840	837,768	117,077	27,140	144,217	981,985
Other professional fees	95,378	414,734	17,828	527,940	143,999	10,785	154,784	682,724
Depreciation and amortization	-	247,068	271,762	518,830	-	-	-	518,830
Repairs and maintenance	75,175	174,643	92,934	342,752	126,626	-	126,626	469,378
Interest	-	135,003	130,858	265,861	-	-	-	265,861
Accounting and legal	-	-	-	-	246,573	-	246,573	246,573
Office expense	29,282	69,873	16,662	115,817	114,619	1,103	115,722	231,539
Utilities	11,998	79,626	74,547	166,171	57,395	-	57,395	223,566
Family services	211,893	-	-	211,893	-	-	-	211,893
Insurance	-	-	18,139	18,139	110,160	-	110,160	128,299
Special events	-	-	-	-	6,518	54,966	61,484	61,484
Miscellaneous	3,450	785	26,770	31,005	27,071	-	27,071	58,076
Bad debts	-	-	47,827	47,827	-	-	-	47,827
Information technology	7,309	-	-	7,309	23,630	-	23,630	30,939
Travel	472	-	-	472	13,231	1,191	14,422	14,894
Membership dues and fees	-	-	-	-	3,032	-	3,032	3,032
Other taxes and licenses	-	-	1,574	1,574	3,991	-	3,991	5,565
	$ 6,939,115	$ 1,169,661	$ 1,008,786	$ 9,117,562	$ 1,544,931	$ 222,916	$ 1,767,847	$10,885,409

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Consolidated cash flows from operating activities		
Change in net assets	$ 598,216	$ 3,027,643
Adjustments to reconcile change in net assets to net cash and restricted cash provided by operating activities		
Depreciation and amortization	507,635	518,830
Amortization of financing fees	9,337	8,071
Contribution of stock	-	(2,504,347)
Unrealized gain on investments	(47,565)	(169,821)
Realized gain on investments	(109,735)	(8,572)
Dividends on investments	(132,137)	(23,849)
Forgiveness of debt	-	(520,980)
Bad debts	-	47,827
(Increase) decrease in operating assets:		
Rents receivable	73	47,295
Other receivables	(2,051)	
Security deposit receivable	180	52,884
Grants receivable	208,531	(497,542)
Developer fees receivable	(410,858)	-
Prepaid expenses	(47,240)	(2,264)
Resident services receivable	(22,043)	15,759
Increase (decrease) in operating liabilities:		
Accounts payable, accrued expenses, and accrued interest	105,800	51,572
Deferred revenue	(110,340)	110,340
Prepaid rents	13,800	(1,377)
Tenant security deposits held in trust	(740)	1,881
Net cash and restricted cash provided by operating activities	560,863	153,350
Consolidated cash flows from investing activities		
Purchase of fixed assets	(30,302)	(94,011)
Purchase of investments	(683,019)	(779,810)
Increase in sponsor loans receivable	(4,296)	(5,876)
Decrease (increase) in project development costs	(49,925)	19,618
Net cash and restricted cash used in investing activities	(767,542)	(860,079)

See independent auditor's report and notes to consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2021 and 2020

	2021	2020
Consolidated cash flows from financing activities		
Principal payments on long-term debt	$ (128,199)	$ (644,086)
Paycheck protection program loan proceeds (repayments)	(416,207)	937,187
Net cash and restricted cash provided by (used in) financing activities	(544,406)	293,101
Net decrease in cash and restricted cash	(751,085)	(413,628)
Cash and restricted cash, beginning of year	3,411,225	3,824,853
Cash and restricted cash, end of year	$ 2,660,140	$ 3,411,225
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 184,732	$ 208,923

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts presented in cash and restricted cash, end of year, above:

	2021	2020
Cash	$ 2,306,759	$ 3,061,843
Tenants' security deposits	19,425	19,207
Reserves	270,911	268,330
Escrows	63,045	61,845
Total cash and restricted cash, end of year	$ 2,660,140	$ 3,411,225

See independent auditor's report and notes to consolidated financial statements.

1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Housing Up is a 501(c)(3) not-for-profit organization incorporated in February 1990. The mission of Housing Up is to combat homelessness by providing affordable housing and supportive services to the poor and underprivileged families in the District of Columbia while assisting them in developing life skills that enable independent living. Housing Up operates three apartment buildings located in the District of Columbia. Partner Arms I is a 14-unit apartment building located on Kennedy Street in Washington, D.C. Partner Arms II is a 13-unit apartment building located on Georgia Avenue in Washington, D.C. Partner Arms III is a 13-unit apartment building in Ward 7. Housing Up's programs are funded by government and foundation grants, contributions from churches, corporations and individuals, and rental income from tenants. Housing Up was formerly known as Transitional Housing Corporation until June 2, 2016, when they changed their name to Transitional Housing Corporation DBA Housing Up.

On June 17, 2005, THC Affordable Housing (THCAH) was incorporated in the District of Columbia as a 501(c)(3) not-for-profit organization. THCAH was formed to develop affordable housing through renovation, new construction, or preservation to meet the housing needs of very low, low, and moderate income individuals and families in the Washington, D.C. metropolitan area. All of the current board of directors of THCAH are also members of the board of Housing Up.

Partner Arms 4 LLC (PA 4 - also known as Weinberg Commons), formerly a wholly owned subsidiary of THCAH, was formed on January 29, 2013. THCAH purchased 3 buildings in Washington, DC for $2,275,000, which were transferred to PA4 to be developed as affordable housing. The project has been awarded $6,890,110 of Low Income Housing Tax Credits. On September 16, 2014, NEF Assignment Corporation (NEF) was admitted as a 99.99% investor member and is responsible for capital contributions of $7,340,037. As of December 31, 2016 contributions of $7,233,859, decreased due to a downward adjuster, have been received. THCAH remained in the partnership as a 0.01% managing member. The project consists of 36 low income units. The costs of the project were funded by a $6,000,000 construction loan from TD Bank, various Sponsor Loans, and capital contributions from NEF.

Principles of Consolidation

The financial statements of Housing Up and THCAH (collectively, the Corporation) have been presented on a consolidated basis due to the presence of common control between the two entities. THCAH is the controlling member of PA4, which is also included in the consolidation. All significant transactions and balances between the entities have been eliminated in consolidation.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation are classified in the following two classes:

> **Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources maintained in perpetuity, but permit the Corporation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.
>
> **Net assets without donor restrictions** represents funds that are available for support of the operations of the Corporation, and that are not subject to donor stipulation.

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)
Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Project Development Costs
The Corporation capitalizes all direct and indirect costs related to the development of the project, which includes, among others, pre-development costs, constructions costs, and interest. The development costs exclude certain ordinary operating expenses, which are expensed as incurred. During the years ended December 31, 2021 and 2020, the Corporation placed in service development costs of $0 and $19,618, respectively, related to its PA2 project. As of December 31, 2021 and 2020, $49,925 and $0, respectively, remain on the accompanying statements of financial position.

Property and Equipment
Property and equipment are stated at cost. The cost of repairs and maintenance is charged to operations as incurred. Major renewals, betterments and additions are capitalized. When assets are sold or otherwise disposed, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is credited or charged to revenue. Depreciation is computed using the straight-line method over 30 years for buildings, 15 years for land improvements and 5 years for equipment. Leasehold improvements are depreciated over the lesser of the estimated useful life or the remaining life of the lease. Donated or contributed property and equipment is stated at fair market value and in-kind donations revenue is recognized.

Amortization
Tax credit fees are being amortized to operations over the tax credit compliance period using the straight-line method. The estimated amortization expense related to tax credit fees for each of the next four years is $7,056 for 2022 through 2024, and $5,878 for 2025, at which point they will be fully amortized.

Interest
The Corporation has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 835, *Interest*, which states that debt issuance costs related to a note shall be reported on the consolidated statements of financial position as a direct deduction from the face amount of that note, and any amortization of debt issuance costs shall be reported as interest expense. Accordingly, the Corporation is reporting loan fees related to its mortgage payable as a direct deduction from the principal balance of the mortgage, and is reporting amortization of the loan fees as interest expense on the mortgage payable. See Note 6 for more information.

Method of Accounting
The Corporation's consolidated financial statements are prepared on the accrual method of accounting which recognizes income when it is earned and expenses when they are incurred.

Impairment of Long-Lived Assets
The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There have been no asset impairments as of December 31, 2021 and 2020.

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Income Taxes
Housing Up and THCAH are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income as defined in the Code. The corporations did not have any unrelated business income during the years ended December 31, 2021 and 2020. Taxable income or losses pass through to, and is reportable by its members for PA4. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements.

Non-Controlling Interest
This amount represents the positive balance of the investor member's equity interest in PA4, which is included in the consolidated financial statements. The balance of the investor member's interest remains in the Corporation's net assets. Included in net assets at December 31, 2021 and 2020 is the equity in the capital balance of the investor member's interest of $5,408,364 and $5,703,098, respectively.

Cash and Cash Equivalents
The Corporation considers all highly liquid investments with a maturity of three months or less at the date of acquisition and money market funds to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

Investments
Investments with readily determinable fair values are recorded at fair market value. Income is recognized from interest and dividends as earned. Marketable securities consist of equity, mutual funds, and exchange-traded products. The Corporation's marketable securities are trading securities carried at fair value based on quoted market prices (Level 1) at the date nearest the financial position date. Unrealized gains or losses are included in investment and other income in the accompanying consolidated statements of activities. See Note 4 for more information.

Investment in Limited Liability Companies (LLCs)
The Corporation is a member or partner in numerous limited partnerships, general partnerships, or corporations, which own, manage, operate or invest in projects and services for low and moderate income individuals and families. The partnership and corporations that are not controlled by the Corporation are accounted for using the equity method. Under the equity method, the investment is reflected at cost, adjusted for the Corporation's proportionate share of the investees' income or losses and distributions.

On investments where it has guaranteed obligations of the limited partnership, the Corporation continues to apply the equity method when its share of the limited partnerships' losses reduces the investment in and advances to the investee to zero.

On investments where the Corporation has not guaranteed obligations of the investee or otherwise committed to provide further financial support, once losses exceed the original investment, the Corporation no longer records the activity. Further, distributions are recognized as other income once the investment balance has been reduced to zero. Unrecognized losses are suspended and offset against future individual operating income. As of December 31, 2021 and 2020, the Corporation has an investments in affiliates (accumulated losses in excess of investment) balance of $(183). As of December 31, 2021 and 2020, cumulative unrecognized losses were $332 and $298, respectively.

See independent auditor's report.

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Indirect costs have been allocated to program services, management and general, and fundraising based on the proportion of staff salaries and fringe benefits expenses directly charged to those cost centers. Direct expenses are allocated based on the percentage of time spent on various programs. Estimates may be used in developing allocations of expenses by function.

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

Revenue Recognition
Contributions are recognized as revenue when an unconditional promise to give is received by the Corporation. All contributions and other types of revenue with restrictions imposed by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Corporation earns resident service fees from contracts for providing services for the benefit of residents of affordable housing properties. Resident service fees are recognized as revenue on a straight-line basis over the term of the annual service period.

Development fees are recognized as earned by the Corporation when paid at initial closing and during the construction period based on percentage of completion of the construction contract, a cost-cased input method. Developer fee receivable, developer fee income and deferred developer fee earned from affiliates and subsidiaries and payable from operational cash flow of the respective projects are eliminated in consolidation.

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and tenants are operating leases.

The Corporation receives donated services, furniture, appliances, and other items from various donors in support of its programs and records these items at their estimated fair value at the date of donation. During 2021 and 2020, the Corporation received in-kind donations of professional services, construction materials, services related to the refurbishing of apartment units and other goods valued at $16,400 and $68,946, respectively, which are reported as in-kind donations in the accompanying consolidated statements of activities and changes in net assets. During 2021 and 2020, the Corporation also received approximately 1,144 and 562 hours of donated services, respectively, from volunteers in support of its programs that do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Housing Up receives its grant and contract support primarily from corporations, foundations, and local/federal organizations. The grants are typically in the form of reimbursable grants to be used to provide support for the homeless. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

See independent auditor's report.

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Rents Receivable

Rents receivable are presented on the consolidated statements of financial position net of estimated uncollectible amounts. The Corporation provides for doubtful accounts based on anticipated collection losses. The estimated losses are determined from historical collection experience and a review of existing rents receivable as to their collectability. The allowance for doubtful accounts balance was $65,455 and $69,372, respectively, as of December 31, 2021 and 2020.

2) Concentration of Credit Risk

The Corporation maintains its cash balances in several accounts at various financial institutions. At times, these balances may exceed the federal insured limits; however, the Corporation has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2021.

3) Liquidity Analysis

At December 31, 2021, the Corporation has $3,522,374 of financial and other current assets available to meet needs for general expenditures consisting of cash of $2,306,759 and $1,215,615 of rents grants, and resident service fees receivable. At December 31, 2020, the Corporation had $4,461,968 of financial and other current assets available to meet the needs for general expenditures consisting of cash of $3,061,843 and $1,400,125 of accounts, grants, and service fees receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Corporation in the next 12 months.

The Corporation manages its liquidity by developing annual operating budgets and utilizing quarterly cash flow projections. These disciplines ensure that sufficient funds are available for general expenditures as liabilities and obligations come due. The cash needs of the Corporation are expected to be met on a monthly basis from fees derived from government grants and corporate/individual contributors. As part of the Corporation's liquidity management plan, excess annual cash is designated by the board into the Armstrong Fund savings account for Housing Up and a savings account for THCAH, which are invested in various short-term CDs and money market funds. In general, the Corporation aims to maintain sufficient financial assets on hand to meet at least two months worth of operating expenses.

4) Investments and Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value for assets and liabilities subject to fair value measurement. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 - Inputs to the valuation methodology include the following

- 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;
- 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 substantially the full term of the asset or liability.

Level 3 - Inputs to 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.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Corporation believes its valuation method is appropriate and consistent with other market participants, the use of other methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4) Investments and Fair Value Measurements (Continued)

As of December 31, 2021 and 2020, all investments are measured as Level 1 within the fair value hierarchy. The following table sets forth the Corporation's investments at fair value as of December 31:

	2021	2020
Equities	$ 3,034,111	$ 2,546,082
Mutual Funds	1,279,769	873,937
Exchange-Traded Products	144,975	66,380
Total	$ 4,458,855	$ 3,486,399

For the years ended December 31, 2021 and 2020, the Corporation's investment income consists of an unrealized investment gain of $47,565, a realized gain of $109,735, and interest/dividends of $138,037 for 2021, and an unrealized investment gain of $169,821, a realized gain of $8,572, and interest/dividends of $34,809 for 2020. These amounts are included in investment and other income on the accompanying consolidated statements of activities.

5) Investment in Limited Liability Companies

THCAH acquired a membership interest in Abrams Hall GP Member, LLC (Abrams Hall) in 2017. THCAH owns a 51% membership interest in Abrams Hall, which owns a 0.01% general partner interest in Abrams Hall Senior LP, which was formed to acquire, develop, own, and operate a low-income residential rental housing project. While THCAH has economic interest in Abrams Hall, it does not have control. Therefore, its financial statements are not consolidated in the financial statements of the Corporation.

THCAH acquired a membership interest in Hedin House Preservation, LLC (Hedin House) in 2017. THCAH owns a 51% membership interest in Hedin House, which owns a 0.01% general partner interest in Hedin House Preservation LP, which was formed to acquire, develop, own, and operate a low-income residential rental housing project. While THCAH has economic interest in Hedin House, it does not have control. Therefore, its financial statements are not consolidated in the financial statements of the Corporation.

THCAH acquired a membership interest in Glenn Arms Preservation, LLC (Glenn Arms) in 2017. THCAH owns a 51% membership interest in Glenn Arms, which owns a 0.01% general partner interest in Glenn Arms Preservation LP, which was formed to acquire, develop, own, and operate a low-income residential rental housing project. While THCAH has economic interest in Glenn Arms, it does not have control. Therefore, its financial statements are not consolidated in the financial statements of the Corporation.

THCAH acquired a membership interest in the following LLCs during 2011, which were formed to invest in operating partnerships that acquire, develop, own, and operate low-income residential rental housing projects through an entity that is the general partner of the entity that directly owns the property:

THCAH acquired, in 2011, a 45.5% membership interest in WG Partners, LLC, which owns a 0.01% general partner interest in Webster Gardens, LP which was formed to acquire, develop, own, and operate a low-income residential rental housing project. While THCAH has economic interest in WG Partners, LLC, it does not have control. Therefore, its financial statements are not consolidated in the financial statements of the Corporation.

See independent auditor's report.

5) Investment in Limited Liability Companies (Continued)

THCAH acquired, in 2011, a 49% membership interest in FV Partners, LLC, which owns a 0.01% general partner interest in Fort View, LP, which was formed to acquire, develop, own, and operate a low-income residential rental housing project. While THCAH has economic interest in FV Partners, LLC, it does not have control. Therefore, its financial statements are not consolidated in the financial statements of the Corporation.

The summarized combined balance sheets and combined statements of operations of the LLCs for which THCAH has an investment through the general partner entity as of December 31, 2021 and 2020 and for the years then ended are as follows:

5) Investment in Limited Liability Companies (Continued)

Combined Balance Sheets:

	2021	2020
Assets		
Investment in real estate:		
Land and land improvements	$ 11,244,377	$ 11,235,330
Building and improvements	71,894,582	72,444,107
Furniture and equipment	2,855,725	2,812,602
	85,994,684	86,492,039
Accumulated depreciation	(12,435,921)	(10,290,878)
	73,558,763	76,201,161
Other assets:		
Cash	1,535,611	1,090,654
Accounts receivable	310,643	418,054
Prepaid expenses	93,358	77,852
Intangibles	357,366	368,698
Escrows and reserves	3,371,967	3,337,455
	5,668,945	5,292,713
Total assets	$ 79,227,708	$ 81,493,874
Liabilities and Partners' Equity		
Liabilities applicable to real estate:		
Mortgage and bonds payable	$ 33,101,914	$ 32,730,605
Notes and loans payable	19,092,879	19,008,669
Total liabilities applicable to real estate	52,194,793	51,739,274
Other liabilities:		
Accounts payable and accrued expenses	877,434	744,755
Tenant security deposit and other liabilities	2,515,224	2,476,484
Due to related party	889,329	990,909
Total other liabilities	4,281,987	4,212,148
Total liabilities	56,476,780	55,951,422
Partners' equity	22,750,928	25,542,452
Total liabilities and partners' equity	$ 79,227,708	$ 81,493,874
THCAH portion of equity (cumulative losses in excess of investment)	$ (183)	$ (183)

See independent auditor's report.

5) Investment in Limited Liability Companies (Continued)

Combined Statements of Operations

	2021	2020
Revenue:		
Rents	$ 4,944,878	$ 4,642,113
Interest	224	1,798
Other	230,933	298,730
Total revenue	5,176,035	4,942,641
Expenses:		
Administrative	785,240	821,954
Operating and maintenance	1,276,794	1,277,936
Taxes and insurance	775,287	361,614
Utilities	916,946	825,923
Depreciation and amortization	2,156,376	2,164,009
Interest	1,776,478	1,742,974
Other expenses	280,938	408,409
Total expenses	7,968,059	7,602,819
Net loss	$ (2,792,024)	$ (2,660,178)
THCAH portion of net loss	$ (106)	$ (134)

6) Long-Term Debt

Notes and mortgages payable consisted of the following at December 31:

	2021	2020
Mortgage loan of $715,297 with DHCD collateralized by Partner Arms I. Interest accrues at 3% per annum; annual principal and interest payments are due from 50% of Available Cash Flow (see Footnote 14); any remaining principal and accrued interest is due March 31, 2055.	$ 715,297	$ 715,297

See independent auditor's report.

6) Long-Term Debt (Continued)

	2021	2020
Mortgage loan of $1,120,000 with LISC collateralized by Partner Arms I. Interest accrues at 6.25% per annum; monthly principal and interest payments are $4,787; any remaining principal and accrued interest is due May 1, 2028.	$ 300,916	$ 333,824
Mortgage loan of $2,070,000 with LISC. Interest accrues at a nominal rate of 6.25% per annum and an effective interest rate of 6.60% per annum; monthly principal and interest payments are $12,752; any remaining principal and accrued interest is due by July 1, 2046. The loan is secured by a first mortgage deed of trust, security interest and assignment of rents.	1,916,279	1,948,454
Construction loan of up to $1,291,728 through LISC. Interest accrues at 6% per annum. Monthly principal and interest payments are $8,640. The loan is secured by a Deed of Trust on the property. Loan matures October 1, 2029.	641,480	704,598
Mortgage loan of $1,155,369 with DHCD through Housing Production Trust Fund (HPTF). Interest accrues at 3% per annum, principal and interest payments began on December 18, 2019 due from 75% of Available Cash Flow of PA2. The loan is secured by a Second Deed of Trust on the property. Loan matures January 2058.	1,155,369	1,155,369
Total	4,729,341	4,857,542
Less: current portion	138,398	125,894
Less: unamortized financing fees	145,554	154,892
Long-term portion, net of unamortized financing fees	$ 4,445,389	$ 4,576,756

Future principal payments required under the loans are as follows for the years ending December 31:

2022	$ 138,398
2023	149,583
2024	158,687
2025	169,023
2026	179,684
2027 and thereafter	3,933,966
Total	$ 4,729,341

See independent auditor's report.

6) Long-Term Debt (Continued)

Interest incurred on the notes and mortgages payable for the years ended December 31, 2021 and 2020 was $248,611 and $265,851, respectively, including amortization of financing fees of $9,433 and $8,076, respectively.

Estimated financing fees being amortized to interest expense for each of the next five years are $9,338.

7) Paycheck Protection Program Loan

On March 27, 2020, Congress passed a $2 trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides significant tax and non-tax stimulus to individuals and businesses.

In April 2020, Housing Up entered into a loan in the amount of $937,187 with a commercial bank under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the CARES Act. The loan was eligible for forgiveness pursuant to terms and conditions of the CARES Act, which minimally required that (1) the loan proceeds be used to cover eligible expenses, which include payroll costs, mortgage interest, rent and utilities, and (2) the number of employees and compensation levels are generally maintained.

Housing Up elected to record the loan as debt in accordance with ASC 470, *Debt* and recognize income from loan forgiveness in accordance with ASC 405-20, *Extinguishment of Liabilities* and ASC 450-30, *Gain Contingencies*. The portion of the loan that was ultimately forgiven was recognized as a gain on extinguishment of debt when $520,980 of the loan was legally forgiven by the SBA as of December 31, 2020. As of December 31, 2020, the balance was $416,207. The loan was set to mature in 2022, however management made the decision to pay the loan in full in October 2021.

8) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Housing and services support	$ 506,875	$ 612,077

THCAH received grant income of $250,000 from the Harry and Jeanette Weinberg Foundation, Inc. for both 2015 and 2014 in connection with PA4. The funds were credited to net assets without donor restrictions; however the contract states that the building cannot be sold for 40 years without consent of the Foundation. Therefore, if THCAH violates the contract, the funds would have to be repaid from the proceeds of sale.

See independent auditor's report.

9) Concentration of Funding Risk

During 2021, Housing Up received $3,640,606, approximately 31 percent of its revenue, from the U.S. Department of Housing and Urban Development (HUD) either directly or as a sub-recipient of a pass-through award from the District of Columbia. Housing Up also received $6,336,875, approximately 54 percent of its revenue, directly from the District of Columbia. During 2020, Housing Up received $3,398,505, approximately 27 percent of its revenue, from HUD either directly or as a sub-recipient of a pass-through award from the District of Columbia. Housing Up also received $5,286,051, approximately 41 percent of its revenue, directly from the District of Columbia. A significant reduction in the level of funding from these sources in the future could significantly affect Housing Up's ability to carry out its current program activities. Management does not consider this a significant risk in the near term.

10) Lease Obligations

Housing Up leases the Partner Arms I apartment building from the District of Columbia under a twenty year, non-cancellable operating lease that expires in January 2053. The terms of the lease require Housing Up to make annual lease payments of $8,400 and pay for all required repairs and maintenance.

Estimated future minimum lease payments for the years ending December 31 are as follows:

2022	$	8,400
2023		8,400
2024		8,400
2025		8,400
2026		8,400
Thereafter		226,800
Total	$	268,800

Housing Up also leases the second floor of the building located at 4406 Georgia Avenue, N.W. Washington, D.C. under a one year operating lease, with the option to extend one year until October, 2019. The terms of the lease require Housing Up to pay monthly installments of $10,038 beginning with date of commencement through January 31, 2019 and $10,239 per month thereafter. The lease ended on October 31, 2019 and is now month to month.

11) Retirement Plan

Housing Up maintains a tax deferred annuity retirement plan qualified under section 403(b) of the Internal Revenue Code. Eligible employees may contribute to the plan up to the limits established by law. Housing Up makes matching contributions equal to 20 percent of eligible employees' contributions to the plan. During the years ended December 31, 2021 and 2020, Housing Up incurred expenses of $16,419 and $16,371, respectively.

12) Affiliate Transactions

Sponsor Loans Receivable

On April 14, 2010, THCAH entered into a loan agreement with an affiliate, Fort View, LP. The principal amount of the note is $713,500. Interest accrues at .25% per annum, compounding annually. All unpaid principal and accrued interest are due on April 14, 2045. The outstanding principal and accrued interest balances are $741,325 and $21,752 as of December 31, 2021, and $741,325 and $19,900 as of December 31, 2020.

On April 14, 2010, THCAH entered into a loan agreement with an affiliate, Webster Gardens, LP. The principal amount of the note is $369,000. Interest accrues at .25% per annum, compounding annually. All unpaid principal and accrued interest are due on April 14, 2045. The outstanding principal and accrued interest balances are $369,000 and $10,678 as of December 31, 2021, and $369,000 and $9,755 as of December 31, 2020.

On September 16, 2014, THCAH entered into a loan agreement with Partner Arms 4 in the original amount of $1,220,000. Interest begins accruing on the second anniversary of the date of the agreement at 6.5% per annum. All unpaid principal and accrued interest are due on September 16, 2049. The outstanding principal balance as of December 31, 2021 and 2020 was $1,220,000, which are eliminated in the consolidation. Interest of $419,494 and $340,194 was accrued for the years ended December 31, 2021 and 2020, respectively, and is eliminated in the consolidation

On June 15, 2018, THCAH entered into a loan agreement with an affiliate, Abrams Hall Senior LP. The principal amount of the note is $293,000 and the loan does not bear interest. The outstanding principal balance as of December 31, 2021 and 2020 was $293,000.

Developer Fees

THCAH earns developer fees from affiliated limited partnerships. The fees are to be paid from capital contributions and any unpaid amounts are payable from net cash flow, as defined in the affiliates' partnership agreements. As of December 31, 2021 and 2020, developer fees receivable totaled $880,114 and $469,256, respectively. Developer fees of $461,892 and $40,000 were earned for the years ended December 31, 2021 and 2020, respectively.

Guarantees

THCAH is party to a guaranty agreement with the District of Columbia Housing Finance Agency in connection with the bond issuances of Fort View, LP and Webster Gardens, LP. In addition, the co-general partner and other parties are a party to the guarantee agreement. As guarantors, they must 1) guarantee payment of agency fees and expenses, 2) guarantee Fort View, LP's performance of the bankruptcy undertaking in the event of default, 3) guarantee payment of replacement reserve deposits, 4) guarantee the nonrecourse exceptions and 5) guarantee all environmental obligations.

THCAH is party to a separate guaranty agreement with the District of Columbia Housing Finance Agency in connection with the bond issuances of Fort View, LP and Webster Gardens, LP. In addition, the co-general partner and other parties are a party to the guarantee agreement. As guarantors, they must guarantee that if the owner or the general partner of Fort View, LP or Webster Gardens, LP defaults in the payment or performance of the environmental obligations, the guarantor will pay for the environmental obligations.

Transitional Housing Corporation DBA Housing Up And Affiliate

Notes to Consolidated Financial Statements (Continued)
For the Years Ended December 31, 2021 and 2020

12) Affiliate Transactions (Continued)

Guarantees (Continued)
Housing Up and THCAH are a party to a guaranty agreement with the limited partners of Fort View, LP and Webster Gardens, LP in connection with the partnership agreements. In addition, the co-general partner and other parties are a party to the guarantee agreement. As guarantors, they must guarantee to the limited partners the due and punctual performance by the general partners of all of its obligations under the partnership agreements. Such guarantees include, without limitation, operating deficit, development completion and tax credit guarantees. The operating deficit guarantee requires the general partner to contribute funds, when an operating deficit exists after substantial completion, to the partnership through stabilization date. After the stabilization date, operating deficit contributions are limited and terminate under certain conditions. Operating deficit contributions are repayable from cash flow of the partnership. The development completion guarantee requires the general partner to pay for all amounts necessary to complete construction and convert to permanent status in the case that the partnership has insufficient funds. Any required payments are not repayable. The tax credit guaranty requires the general partner to hold 100% the credit units as qualified low-income units during the extended use period.

Incentive Company Management Fee
PA4 is obligated to pay DC Partners LLC, a single member LLC 100% owned by THCAH, an Incentive Company Management Fee under the terms of the Operating Agreement as an additional fee for managing the affairs of the Company. The fee shall be paid on an annual, non-cumulative basis and is payable from 90% of Cash Flow after the Development Fee and subordinate loans pursuant to Section 5.1.1. As of December 31, 2021 and 2020, no fee has been accrued or paid.

Asset Management Fee
PA4 is obligated to pay NEF Community Investments, Inc., an affiliate of the Investor Member, an Asset Management Fee under the terms of the Operating Agreement for property management oversight, tax credit compliance monitoring, and related services. The annual fee shall be $3,600, commencing the month following the month in which Stabilized Occupancy is achieved, but in no event later than January 2016, to be increased annually by three percent each year thereafter. The fee is payable from Cash Flow pursuant to Section 5.1.1. As of December 31, 2021 and 2020, $23,982 and $19,788, respectively, has been accrued.

Cross Indemnity Agreement
Housing Up and THCAH are a party to a cross indemnity agreement with the co-general partner and other parties of Fort View, LP and Webster Gardens LP. The agreement states that the Housing Up entities and the co-general partner entities are each responsible for 50% of any payment required under a guaranty agreement. However, Housing Up is only obligated under the guaranty agreements to which it is a party.

13) Property Management Fee

PA4 is obligated under the terms of a property management agreement through May 31, 2023 with Charles Tini & Associates, LLC, an unrelated party. The agreement provides for a fee of 6% of rent collections. Management fees of $31,499 and $25,982 respectively, were incurred during the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, $2,712 and $1,678 respectively, remains payable and is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

14) Available Cash Flow

Pursuant to the DHCD loan agreement dated March 31, 2015, the Corporation is required to compute the annual Available Cash Flow relating to the Partner Arms 1 property. Available Cash Flow is defined as the sum of all cash received from ownership or operation of the property, less all cash expenditures, and all expenses unpaid but properly accrued.

The Calculation of Available Cash Flow for the year ended December 31, 2021 is as follows:

Cash received	$	433,615
Cash expenditures		401,941
Available cash flow	$	31,674

15) Commitments and Contingencies

Low-Income Housing Tax Credits
Partner Arms 4's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, among other requirements, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner.

16) Donation of Amazon Stock

On December 2, 2020, the Corporation received a donation from Amazon.com, Inc. of 781 shares of its' stock as part of The Day One Families Fund. The donation is unrestricted and, at the time of contribution, had a fair value of $2,543,662. The donation is included in corporate/individual contributions on the accompanying consolidated statements of activities.

17) Subsequent Events

Management has evaluated events and transactions subsequent to the consolidated statement of financial position date for potential recognition or disclosure through the independent auditor's report date, the date the consolidated financial statements were available to be issued. There were no material events that required recognition or disclosure in the consolidated financial statements.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Financial Position
As of December 31, 2021

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total
Current assets							
Cash	$ 552,481	$ 294,049	$ -	$ 846,530	$ 1,460,229	$ -	$ 2,306,759
Rent receivables, net of allowance for doubtful accounts of $65,455	-	22,153	-	22,153	27,097	-	49,250
Grants receivable	-	-	-	-	1,085,122	-	1,085,122
Developer fees receivable, current maturities	7,771	-	-	7,771	-	-	7,771
Resident services receivable	-	-	-	-	79,192	-	79,192
Other receivables	-	2,051	-	2,051	-	-	2,051
Prepaid expenses	-	2,403	-	2,403	279,851	-	282,254
Tenants' security deposits	-	19,425	-	19,425	-	-	19,425
Total current assets	560,252	340,081	-	900,333	2,931,491	-	3,831,824
Property and equipment							
Land	-	1,000,000	-	1,000,000	85,000	-	1,085,000
Buildings and improvements	-	8,779,658	(11,827)	8,767,831	3,628,400	(544,118)	11,852,113
Land improvements	-	271,746	-	271,746	-	-	271,746
Leasehold improvements	-	-	-	-	1,965,934	-	1,965,934
Furniture, fixtures and equipment	-	316,282	-	316,282	233,252	-	549,534
Total property and equipment	-	10,367,686	(11,827)	10,355,859	5,912,586	(544,118)	15,724,327
Less: accumulated depreciation	-	(1,654,418)	-	(1,654,418)	(2,145,451)	117,850	(3,682,019)
Net property and equipment	-	8,713,268	(11,827)	8,701,441	3,767,135	(426,268)	12,042,308
Other assets							
Security deposit receivable	-	-	-	-	8,894	-	8,894
Sponsor loans receivable, including accrued interest receivable of $36,486	3,079,305	-	(1,639,494)	1,439,811	-	-	1,439,811
Due from affiliate	30,882	-	(30,882)	-	1,140,949	(1,140,949)	-
Developer fees receivable, net of current maturities	884,170	-	(11,827)	872,343	-	-	872,343
Tax credit fees, net of accumulated amortization of $43,502	-	27,046	-	27,046	-	-	27,046
Reserves	-	270,911	-	270,911	-	-	270,911
Escrows	-	63,045	-	63,045	-	-	63,045
Project development costs	49,925	-	-	49,925	-	-	49,925
Other investments	1,059,549	-	-	1,059,549	3,399,306	-	4,458,855
Total other assets	5,103,831	361,002	(1,682,203)	3,782,630	4,549,149	(1,140,949)	7,190,830
Total assets	$ 5,664,083	$ 9,414,351	$ (1,694,030)	$ 13,384,404	$ 11,247,775	$ (1,567,217)	$ 23,064,962

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See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Financial Position (Continued)
As of December 31, 2021

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total
Current liabilities							
Accounts payable and accrued expenses	$ -	$ 4,712	$ -	$ 4,712	413,855	$ -	$ 418,567
Current maturities of long-term debt	-	33,891	-	33,891	104,507	-	138,398
Asset management fee payable	-	23,982	-	23,982	-	-	23,982
Accrued interest - long-term debt	-	-	-	-	260,150	-	260,150
Prepaid rents	-	14,586	-	14,586	115	-	14,701
Accumulated losses in excess of investment	183	-	-	(183)	-	-	183
Tenant security deposits held in trust	-	14,776	-	14,776	444	-	15,220
Total current liabilities	183	91,947	-	92,130	779,071	-	871,201
Long-term liabilities							
Due to affiliates	699,443	472,387	(30,882)	1,140,948	-	(1,140,948)	-
Developer fee payable	-	11,827	(11,827)	-	-	-	-
Sponsor loan	-	1,220,000	(1,220,000)	-	-	-	-
Accrued interest - sponsor loan	-	419,494	(419,494)	-	-	-	-
Long-term debt, net of current maturities and unamortized financing fees of $145,554	-	1,782,115	-	1,782,115	2,663,274	-	4,445,389
Total long-term liabilities	699,443	3,905,823	(1,682,203)	2,923,063	2,663,274	(1,140,948)	4,445,389
Total liabilities	699,626	3,997,770	(1,682,203)	3,015,193	3,442,345	(1,140,948)	5,316,590
Net assets							
Net assets without donor restrictions							
Controlling	4,664,457	8,217	(11,827)	4,660,847	7,598,555	(426,269)	11,833,133
Non-controlling	-	5,408,364	-	5,408,364	-	-	5,408,364
Total net assets without donor restrictions	4,664,457	5,416,581	(11,827)	10,069,211	7,598,555	(426,269)	17,241,497
Net assets with donor restrictions	300,000	-	-	300,000	206,875	-	506,875
Total net assets	4,964,457	5,416,581	(11,827)	10,369,211	7,805,430	(426,269)	17,748,372
Total liabilities and net assets	$ 5,664,083	$ 9,414,351	$ (1,694,030)	$ 13,384,404	$ 11,247,775	$ (1,567,217)	$ 23,064,962

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Financial Position (Continued)
As of December 31, 2020

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total
Current assets							
Cash	$ 558,337	$ 195,571	$ -	$ 753,908	$ 2,307,935	$ -	$ 3,061,843
Rent receivables, net of allowance for doubtful accounts of $69,372	-	40,187	-	40,187	9,136	-	49,323
Grants receivable	-	-	-	-	1,293,653	-	1,293,653
Developer fees receivable, current maturities	30,390	-	-	30,390	-	-	30,390
Resident services receivable	-	-	-	-	57,149	-	57,149
Prepaid expenses	-	885	-	885	234,129	-	235,014
Tenants' security deposits	-	19,207	-	19,207	-	-	19,207
Total current assets	588,727	255,850	-	844,577	3,902,002	-	4,746,579
Property and equipment							
Land	-	1,000,000	-	1,000,000	85,000	-	1,085,000
Buildings and improvements	-	8,779,658	(11,827)	8,767,831	3,628,389	(544,116)	11,852,104
Land improvements	-	271,746	-	271,746	-	-	271,746
Leasehold improvements	-	-	-	-	1,960,226	-	1,960,226
Furniture, fixtures and equipment	-	316,282	-	316,282	208,669	-	524,951
Automobile	-	-	-	-	-	-	-
Total property and equipment	-	10,367,686	(11,827)	10,355,859	5,882,284	(544,116)	15,694,027
Less: accumulated depreciation	-	(1,389,712)	-	(1,389,712)	(1,882,982)	91,255	(3,181,439)
Net property and equipment	-	8,977,974	(11,827)	8,966,147	3,999,302	(452,861)	12,512,588
Other assets							
Security deposits receivable	-	-	-	-	9,074	-	9,074
Sponsor loans receivable, including accrued interest receivable of $29,665	2,995,709	-	(1,560,194)	1,435,515	-	-	1,435,515
Due from affiliate	30,632	-	(30,632)	-	830,596	(830,596)	-
Developer fees receivable, net of current maturities	450,693	-	(11,827)	438,866	-	-	438,866
Tax credit fees, net of accumulated amortization of $36,448	-	34,100	-	34,100	-	-	34,100
Reserves	-	268,330	-	268,330	-	-	268,330
Escrows	-	61,845	-	61,845	-	-	61,845
Other investments	940,317	-	-	940,317	2,546,082	-	3,486,399
Total other assets	4,417,351	364,275	(1,602,653)	3,178,973	3,385,752	(830,596)	5,734,129
Total assets	$ 5,006,078	$ 9,598,099	$ (1,614,480)	$ 12,989,697	$ 11,287,056	$ (1,283,457)	$ 22,993,296

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Financial Position (Continued)
As of December 31, 2020

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total
Current liabilities							
Accounts payable and accrued expenses	$ -	$ 25,613	$ -	$ 25,613	$ 347,151	$ -	$ 372,764
Current maturities of long-term debt	-	32,006	-	32,006	93,888	-	125,894
Deferred revenue	-	-	-	-	110,340	-	110,340
Asset management fee payable	-	19,788	-	19,788	-	-	19,788
Accrued interest - long-term debt	-	-	-	-	204,347		204,347
Prepaid rents	-	882	-	882	19	-	901
Paycheck Protection Program loan	-	-	-	-	416,207	-	416,207
Accumulated losses in excess of investment	183	-	-	183	-	-	183
Tenant security deposits held in trust (contra)	-	14,587	-	14,587	1,373	-	15,960
Total current liabilities	(183)	92,876	-	93,059	1,173,325	-	1,266,384
Long-term liabilities							
Due to affiliates	447,470	413,758	(30,632)	830,596	-	(830,596)	-
Developer fee payable	-	11,827	(11,827)	-	-	-	-
Sponsor loan	-	1,220,000	(1,220,000)	-	-	-	-
Accrued interest - sponsor loan	-	340,194	(340,194)	-	-	-	-
Long-term debt, net of current maturities and unamortized financing fees of $154,892	-	1,808,100	-	1,808,100	2,768,656	-	4,576,756
Total long-term liabilities	447,470	3,793,879	(1,602,653)	2,638,696	2,768,656	(830,596)	4,576,756
Total liabilities	447,653	3,886,755	(1,602,653)	2,731,755	3,941,981	(830,596)	5,843,140
Net assets							
Net assets without donor restrictions							
Controlling	4,258,425	8,246	(11,827)	4,254,844	7,032,998	(452,861)	10,834,981
Non-controlling	-	5,703,098	-	5,703,098	-	-	5,703,098
Total net assets without donor restrictions	4,258,425	5,711,344	11,827	9,957,942	7,032,998	(452,861)	16,538,079
Net assets with donor restrictions	300,000	-	-	300,000	312,077	-	612,077
Total net assets	4,558,425	5,711,344	11,827	10,257,942	7,345,075	(452,861)	17,150,156
Total liabilities and net assets	$ 5,006,078	$ 9,598,099	$ (1,614,480)	$ 12,989,697	$ 11,287,056	$ (1,283,457)	$ 22,993,296

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Activities
For the Year Ended December 31, 2021

	Without donor restrictions							With donor restrictions			
	THCAH	PA4	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total	THCAH	Housing up	Total	Total consolidated
Revenue											
Government contracts and grants	$ -	$ -	$ -	$ -	$ 9,977,490	$ -	$ 9,977,490	$ -	$ -	$ -	$ 9,977,490
Corporate/individual contributions	-	-	-	-	771,396	-	771,396	-	30,000	30,000	801,396
In-kind donations	-	-	-	-	16,400	-	16,400	-	-	-	16,400
Rental revenue, net	-	484,808	-	484,808	525,954	-	1,010,762	-	-	-	1,010,762
Investment and other income	202,313	36,318	(79,300)	159,331	171,823	-	331,154	-	-	-	331,154
Resident services fees	-	-	-	-	74,082	-	74,082	-	-	-	74,082
Management fees	-	-	-	-	154,717	(154,717)	-	-	-	-	-
Developer fees	461,892	-	-	461,892	-	-	461,892	-	-	-	461,892
Net assets released from purpose related restrictions	-	-	-	-	135,202	-	135,202	-	(135,202)	(135,202)	-
Total revenue	664,205	521,126	(79,300)	1,106,031	11,827,064	(154,717)	12,778,378	-	(105,202)	(105,202)	12,673,176
Expenses											
Program services:											
Resident services	-	-	-	-	7,743,505	-	7,743,505	-	-	-	7,743,505
Building operations	-	-	-	-	1,234,765	(26,592)	1,208,173	-	-	-	1,208,173
Affordable housing	154,717	815,889	(79,300)	891,306	171,665	(154,717)	908,254	-	-	-	908,254
Total program services expenses	154,717	815,889	(79,300)	891,306	9,149,935	(181,309)	9,859,932	-	-	-	9,859,932
Supporting services:											
Management and general	103,456	-	-	103,456	1,756,305	-	1,859,761	-	-	-	1,859,761
Fundraising	-	-	-	-	355,267	-	355,267	-	-	-	355,267
Total supporting services expenses	103,456	-	-	103,456	2,111,572	-	2,215,028	-	-	-	2,215,028
Total expenses	258,173	815,889	(79,300)	994,762	11,261,507	(181,309)	12,074,960	-	-	-	12,074,960
Change in net assets	$ 406,032	$ (294,763)	$ -	$ 111,269	$ 565,557	$ 26,592	$ 703,418	$ -	$ (105,202)	$ (105,202)	$ 598,216

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Activities (Continued)
For the Year Ended December 31, 2020

	Without donor restrictions							With donor restrictions			
	THCAH	PA4	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total	THCAH	Housing up	Total	Total consolidated
Revenue											
Government contracts and grants	$ -	$ -	$ -	$ -	$ 8,684,556	$ -	$ 8,684,556	$ -	$ -	$ -	$ 8,684,556
Corporate/individual contributions	-	-	-	-	3,121,139	-	3,121,139	-	226,000	226,000	3,347,139
In-kind donations	-	-	-	-	68,946	-	68,946	-	-	-	68,946
Rental revenue, net	-	490,671	-	490,671	476,399	-	967,070	-	-	-	967,070
Investment and other income	245,435	7,794	(79,300)	173,929	47,417	-	221,346	-	-	-	221,346
Debt forgiveness income	-	-	-	-	520,980	-	520,980	-	-	-	520,980
Resident services fees	-	-	-	-	63,015	-	63,015	-	-	-	63,015
Management fees	-	-	-	-	122,732	(122,732)	-	-	-	-	-
Developer fees	40,000	-	-	40,000	-	-	40,000	-	-	-	40,000
Net assets released from purpose related restrictions	-	-	-	-	147,291	-	147,291	-	(147,291)	(147,291)	-
Total revenue	285,435	498,465	(79,300)	704,600	13,252,475	(122,732)	13,834,343	-	78,709	78,709	13,913,052
Expenses											
Program services:											
Resident services	-	-	-	-	6,939,115	-	6,939,115	-	-	-	6,939,115
Building operations	-	-	-	-	1,193,514	(23,853)	1,169,661	-	-	-	1,169,661
Affordable housing	122,732	846,305	(79,300)	889,737	241,781	(122,732)	1,008,786	-	-	-	1,008,786
Total program services expenses	122,732	846,305	(79,300)	889,737	8,374,410	(146,585)	9,117,562	-	-	-	9,117,562
Supporting services:											
Management and general	69,842	-	-	69,842	1,475,089	-	1,544,931	-	-	-	1,544,931
Fundraising	-	-	-	-	222,916	-	222,916	-	-	-	222,916
Total supporting services expenses	69,842	-	-	69,842	1,698,005	-	1,767,847	-	-	-	1,767,847
Total expenses	192,574	846,305	(79,300)	959,579	10,072,415	(146,585)	10,885,409	-	-	-	10,885,409
Change in net assets	$ 92,861	$ (347,840)	$ -	$ (254,979)	$ 3,180,060	$ 23,853	$ 2,948,934	$ -	$ 78,709	$ 78,709	$ 3,027,643

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	Without donor restrictions								With donor restrictions			
		PA4										
	THCAH	Non-controlling	Controlling	Eliminations	Consolidated THCAH	Housing up	Eliminations	Total	THCAH	Housing up	Total	Total consolidated
Net assets, January 1, 2020	$ 4,165,564	$ 6,050,903	$ 8,281	$ (11,827)	$10,212,921	$ 3,852,938	$ (476,714)	$13,589,145	$ 300,000	$ 233,368	$ 533,368	$14,122,513
Change in net assets	92,861	(347,805)	(35)	-	(254,979)	3,180,060	23,853	2,948,934	-	78,709	78,709	3,027,643
Net assets, December 31, 2020	4,258,425	5,703,098	8,246	(11,827)	9,957,942	7,032,998	(452,861)	16,538,079	300,000	312,077	612,077	17,150,156
Change in net assets	406,032	(294,734)	(29)	-	111,269	565,557	26,592	703,418	-	(105,202)	(105,202)	598,216
Net assets, December 31, 2021	$ 4,664,457	$ 5,408,364	$ 8,217	$ (11,827)	$10,069,211	$ 7,598,555	$ (426,269)	$17,241,497	$ 300,000	$ 206,875	$ 506,875	$17,748,372

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2021

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing Up	Eliminations	Total
Consolidating cash flows from operating activities							
Change in net assets	$ 406,032	$ (294,763)	$ -	$ 111,269	$ 460,355	$ 26,592	$ 598,216
Adjustments to reconcile change in net assets to net cash and restricted cash provided by (used in) operating activities							
Depreciation and amortization	-	271,760	-	271,760	262,467	(26,592)	507,635
Amortization of financing fees	-	8,075	-	8,075	1,262	-	9,337
Unrealized gain on investments	(7,253)	-	-	(7,253)	(40,312)	-	(47,565)
Realized gain on investments	(72,396)	-	-	(72,396)	(37,339)	-	(109,735)
Dividends on investments	(39,063)	-	-	(39,063)	(93,074)	-	(132,137)
(Increase) decrease in operating assets:							
Rents receivable	-	18,034	-	18,034	(17,961)	-	73
Other receivables	-	(2,051)	-	(2,051)	-	-	(2,051)
Security deposit receivable	-	-	-	-	180	-	180
Grants receivable	-	-	-	-	208,531	-	208,531
Developer fees receivable	(410,858)	-	-	(410,858)	-	-	(410,858)
Prepaid expenses	-	(1,518)	-	(1,518)	(45,722)	-	(47,240)
Resident services receivable	-	-	-	-	(22,043)	-	(22,043)
Increase (decrease) in operating liabilities:							
Accounts payable, accrued expenses, and accrued interest	-	62,593	(79,300)	(16,707)	122,507	-	105,800
Deferred revenue	-	-	-	-	(110,340)	-	(110,340)
Prepaid rents	-	13,704	-	13,704	96	-	13,800
Tenant security deposits held in trust	-	189	-	189	(929)	-	(740)
Net cash and restricted cash provided by (used in) operating activities	(123,538)	76,023	(79,300)	(126,815)	687,678	-	560,863

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Cash Flows (Continued)
For the Year Ended December 31, 2021

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing Up	Eliminations	Total
Consolidating cash flows from investing activities							
Purchase of fixed assets	$ -	$ -	$ -	$ -	$ (30,302)	$ -	$ (30,302)
Purchase of investments	(520)	-	-	(520)	(682,499)	-	(683,019)
Increase in sponsor loans receivable	(83,596)	-	79,300	(4,296)	-	-	(4,296)
Increase in project development costs	(49,925)	-	-	(49,925)	-	-	(49,925)
Increase in due from affiliates	(250)	-	-	(250)	(310,352)	310,602	-
Net cash and restricted cash used in investing activities	(134,291)	-	79,300	(54,991)	(1,023,153)	310,602	(767,542)
Consolidating cash flows from financing activities							
Principal (payments) proceeds on long-term debt	-	(32,175)	-	(32,175)	(96,024)	-	(128,199)
Paycheck protection program loan payments	-	-	-	-	(416,207)	-	(416,207)
Increase in due to affiliates	251,973	58,629	-	310,602	-	(310,602)	-
Net cash and restricted cash provided by (used in) financing activities	251,973	26,454	-	278,427	(512,231)	(310,602)	(544,406)
Net increase (decrease) in cash and restricted cash	(5,856)	102,477	-	96,621	(847,706)	-	(751,085)
Cash and restricted cash, beginning of year	558,337	544,953	-	1,103,290	2,307,935	-	3,411,225
Cash and restricted cash, end of year	$ 552,481	$ 647,430	$ -	$ 1,199,911	$ 1,460,229	$ -	$ 2,660,140
Supplemental disclosure of cash flow information							
Cash paid during the year for:							
Interest	$ -	$ 121,015	$ -	$ 121,015	$ 63,717	$ -	$ 184,732

The following table provides a reconciliation of cash and restricted cash reported within the consolidated and combined statements of financial position that sum to the total of the same such amounts presented in cash and restricted cash, end of year, above:

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing Up	Eliminations	Total
Cash	$ 552,481	$ 294,049	$ -	$ 846,530	$ 1,460,229	$ -	$ 2,306,759
Tenants' security deposits	-	19,425	-	19,425	-	-	19,425
Reserves	-	270,911	-	270,911	-	-	270,911
Escrows	-	63,045	-	63,045	-	-	63,045
Total cash and restricted cash, end of year	$ 552,481	$ 647,430	$ -	$ 1,199,911	$ 1,460,229	$ -	$ 2,660,140

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing Up	Eliminations	Total
Consolidating cash flows from operating activities							
Change in net assets	$ 92,861	$ (347,840)	$ -	$ (254,979)	$ 3,258,769	$ 23,853	$ 3,027,643
Adjustments to reconcile change in net assets to net cash and restricted cash provided by (used in) operating activities							
Depreciation and amortization	-	271,763	-	271,763	270,920	(23,853)	518,830
Amortization of financing fees	-	8,071	-	8,071	-	-	8,071
Contribution of stock	-	-	-	-	(2,504,347)	-	(2,504,347)
Unrealized gain on investments	(128,086)	-	-	(128,086)	(41,735)	-	(169,821)
Realized gain on investments	(8,572)	-	-	(8,572)	-	-	(8,572)
Dividends on investments	(23,849)	-	-	(23,849)	-	-	(23,849)
Forgiveness of debt	-	-	-	-	(520,980)	-	(520,980)
Bad debts	-	47,827	-	47,827	-	-	47,827
(Increase) decrease in operating assets:							
Rents receivable	-	39,494	-	39,494	7,801	-	47,295
Security deposit receivable	-	-	-	-	52,884	-	52,884
Grants receivable	-	-	-	-	(497,542)	-	(497,542)
Developer fees receivable	-	-	-	-	-	-	-
Prepaid expenses	-	4,721	-	4,721	(6,985)	-	(2,264)
Resident services receivable	-	-	-	-	15,759	-	15,759
Increase (decrease) in operating liabilities:							
Accounts payable, accrued expenses, and accrued interest	-	94,285	(79,046)	15,239	36,333	-	51,572
Deferred revenue	-	-	-	-	110,340	-	110,340
Prepaid rents	-	(253)	-	(253)	(1,124)	-	(1,377)
Deposits	-	1,404	-	1,404	477	-	1,881
Net cash and restricted cash provided by (used in) operating activities	(67,646)	119,472	(79,046)	(27,220)	180,570	-	153,350
Consolidating cash flows from investing activities							
Purchase of fixed assets	-	-	-	-	(94,011)	-	(94,011)
Purchase of investments	(779,810)	-	-	(779,810)	-	-	(779,810)
Increase in sponsor loans receivable	(84,922)	-	79,046	(5,876)	-	-	(5,876)
Decrease in project development costs	19,618	-	-	19,618	-	-	19,618
(Increase) decrease in due from affiliates	-	-	-	-	(94,000)	94,000	-
Net cash and restricted cash used in investing activities	(845,114)	-	79,046	(766,068)	(188,011)	94,000	(860,079)

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Consolidating Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing Up	Eliminations	Total
Consolidating cash flows from financing activities							
Principal payments on long-term debt	$ -	$ (29,896)	$ -	$ (29,896)	$ (614,190)	$ -	$ (644,086)
Paycheck protection program loan proceeds	-	-	-	-	937,187	-	937,187
Increase in due to affiliates	84,868	9,132	-	94,000	-	(94,000)	-
Net cash and restricted cash provided by (used in) financing activities	84,868	(20,764)	-	64,104	322,997	(94,000)	293,101
Net increase (decrease) in cash and restricted cash	(827,892)	98,708	-	(729,184)	315,556	-	(413,628)
Cash and restricted cash, beginning of year	1,386,229	446,245	-	1,832,474	1,992,379	-	3,824,853
Cash and restricted cash, end of year	$ 558,337	$ 544,953	$ -	$ 1,103,290	$ 2,307,935	$ -	$ 3,411,225
Supplemental disclosure of cash flow information							
Cash paid during the year for:							
Interest	$ -	$ 123,036	$ -	$ 123,036	$ 85,887	$ -	$ 208,923

The following table provides a reconciliation of cash and restricted cash reported within the consolidated and combined statements of financial position that sum to the total of the same such amounts presented in cash and restricted cash, end of year, above:

	THCAH	PA4	Eliminations	Consolidated THCAH	Housing Up	Eliminations	Total
Cash	$ 558,337	$ 195,571	$ -	$ 753,908	$ 2,307,935	$ -	$ 3,061,843
Tenants' security deposits	-	19,207	-	19,207	-	-	19,207
Reserves	-	268,330	-	268,330	-	-	268,330
Escrows	-	61,845	-	61,845	-	-	61,845
Total cash and restricted cash, end of year	$ 558,337	$ 544,953	$ -	$ 1,103,290	$ 2,307,935	$ -	$ 3,411,225

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/Program Title	Federal Assistance Listing Number	Federal Expenditures
Direct Awards:		
U.S. Department of Housing and Urban Development		
Supportive Housing Programs [1]	14.235	
Total Expenditures		3,039,578
Pass Through Awards from the District of Columbia, via HUD:		
U.S. Department of Health and Human Services		
Temporary Assistance for Needy Families [2]	93.558	
Total Expenditures		601,028
Pass Through Awards from the District of Columbia:		
U.S. Department of Health and Human Services		
Temporary Assistance for Needy Families [2]	93.558	
Total Expenditures		4,595,114
Total		$ 8,235,720

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Transitional Housing Corporation DBA Housing Up And Affiliate under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Transitional Housing Corporation DBA Housing Up And Affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Transitional Housing Corporation DBA Housing Up And Affiliate.

Note 2 – Summary of Significant Accounting Policies

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

The Corporation has elected to use the ten percent (10%) de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report.

Transitional Housing Corporation DBA Housing Up And Affiliate

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2021

1	Continuum of care homeless assistance program – PA I contract	$ 174,235
	Community partnership for the prevention of homelessness – PA II contract	165,461
	Community partnership for the prevention of homelessness – Housing with care	512,940
	Community partnership for the prevention of homelessness – Veterans connection	978,622
	Community partnership for the prevention of homelessness – Youth families	680,104
	Community partnership for the prevention of homelessness – Family connections	528,216
		$ 3,039,578
2	Community partnership for the prevention of homelessness – DHS PA III contract	$ 601,028
	Community partnership for the prevention of homelessness – DHS FRSP	3,343,797
	Homeless youth transitional housing beds - DHS-YTH	1,251,317
		$ 5,196,142

See independent auditor's report.

Independent Auditor's Report

on Internal Control Over Financial Reporting and on Compliance

and Other Matters Based on an Audit of Financial Statements Performed

in Accordance with *Government Auditing Standards*

To the Board of Directors
Transitional Housing Corporation DBA Housing Up And Affiliate
1322 Main Drive NW Abrams Hall
Washington, DC 20012

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Transitional Housing Corporation DBA Housing Up And Affiliate, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Transitional Housing Corporation DBA Housing Up And Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Transitional Housing Corporation DBA Housing Up And Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Transitional Housing Corporation DBA Housing Up And Affiliate's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SC+H attest services, P.C.

Sparks, Maryland
September 27, 2022

Independent Auditor's Report

on Compliance for Each Major Program and on Internal Control

Over Compliance Required by the *Uniform Guidance*

To the Board of Directors
Transitional Housing Corporation DBA Housing Up And Affiliate
1322 Main Drive NW Abrams Hall
Washington, DC 20012

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Transitional Housing Corporation DBA Housing Up And Affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Transitional Housing Corporation DBA Housing Up And Affiliate's major federal programs for the year ended December 31, 2021. Transitional Housing Corporation DBA Housing Up And Affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Transitional Housing Corporation DBA Housing Up And Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Transitional Housing Corporation DBA Housing Up And Affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Transitional Housing Corporation DBA Housing Up And Affiliate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Transitional Housing Corporation DBA Housing Up And Affiliate's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Transitional Housing Corporation DBA Housing Up And Affiliate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Transitional Housing Corporation DBA Housing Up And Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Transitional Housing Corporation DBA Housing Up And Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Transitional Housing Corporation DBA Housing Up And Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Transitional Housing Corporation DBA Housing Up And Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

SC+H attest services, P.C.

Sparks, Maryland
September 27, 2022

A. Summary of Auditor's Results

1) The auditor's report expresses an unmodified opinion on the consolidated financial statements of Transitional Housing Corporation DBA Housing Up And Affiliate.

2) No significant deficiencies or material weaknesses in internal control were identified during the audit of the consolidated financial statements.

3) No instances of noncompliance material to the consolidated financial statements of Transitional Housing Corporation DBA Housing Up And Affiliate which would be required to be reported in accordance with Government Auditing Standards were identified during the audit.

4) No significant deficiencies or material weaknesses in internal controls over the major federal award program were identified during the audit.

5) The auditor's report on compliance for the major federal award programs for Transitional Housing Corporation DBA Housing Up And Affiliate expresses an unmodified opinion on the major federal program.

6) There are no audit findings relative to the major federal award program for Transitional Housing Corporation DBA Housing Up And Affiliate.

7) The program tested as a major program was: Supporting Housing Program # 14.235.

8) The threshold for distinguishing Type A and B programs was $750,000.

9) Transitional Housing Corporation DBA Housing Up And Affiliate was determined to be a low-risk auditee.

B. Findings – Consolidated Financial Statement Audit

None

C. Prior Year Findings – Consolidated Financial Statement Audit

None

D. Findings and Questioned Costs – Major Federal Award Program Audit

None

E. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

None