

**Arlington Partnership for Affordable Housing, Inc.  
and Subsidiaries**

**Consolidated Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**December 31, 2021**

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# Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

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## Independent Auditor's Report

To the Board of Directors  
Arlington Partnership for Affordable Housing, Inc.  
and Subsidiaries

### *Opinion*

We have audited the accompanying consolidated financial statements of Arlington Partnership for Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Arlington Partnership for Affordable Housing, Inc. and Subsidiaries as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain Subsidiaries' Queens North Four Limited Partnership and Queens South Nine Limited Partnership, which statements reflect total assets of \$87,001,443 as of December 31, 2021 and total revenues of \$1,507,389 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Subsidiaries, is based solely on the reports of the other auditors.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Arlington Partnership for Affordable Housing, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arlington Partnership for Affordable Housing, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CohnReznick LLP*

Boston, Massachusetts  
September 1, 2022

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Financial Position  
December 31, 2021**

Assets

Current assets

Cash and cash equivalents, including \$1,492,021 of restricted cash		\$	28,756,699
Cash - board restricted			3,000,000
Grants and pledges receivable			336,921
Accounts receivable			
Residents	\$	1,911,502	
Other		<u>230,458</u>	2,141,960
Development fee receivable - affiliate			7,153,131
Prepaid expenses			643,522
Prepaid ground lease, current portion			29,385
Deposits			1,127,133
Mortgage escrow deposits			<u>866,968</u>
 Total current assets			 <u>44,055,719</u>

Property and equipment

Land			77,981,933
Buildings, furniture and equipment			465,099,356
Construction in progress			<u>81,320,453</u>
			624,401,742
Less accumulated depreciation			<u>71,508,135</u>
 Total property and equipment			 <u>552,893,607</u>

Other assets

Residents' security deposits			1,274,295
Replacement reserves			2,502,776
Other reserves			20,906,516
Notes receivable - related party			333,684
Prepaid ground lease, net of current portion			1,348,390
Development fee receivable - affiliate			1,952,924
Other assets			<u>1,211,174</u>
 Total other assets			 <u>29,529,759</u>

Total assets		\$	<u><u>626,479,085</u></u>
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**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Financial Position  
December 31, 2021**

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 1,088,872
Accrued interest, current portion	1,650,822
Accounts payable - related party	61,755
Prepaid rents	1,041,116
Notes payable, current maturities	18,424,174
Construction and development costs payable	13,179,149
Development fee payable	<u>4,520,502</u>
Total current liabilities	<u>39,966,390</u>
Other liability	
Residents' security deposits	<u>1,284,610</u>
Total other liability	<u>1,284,610</u>
Long-term liabilities	
Notes payable, less current maturities and unamortized debt issuance costs	350,462,262
Accrued interest, less current portion	14,492,793
Development fee payable, less current portion	4,494,236
Other liabilities	<u>15,229,962</u>
Total long-term liabilities	<u>384,679,253</u>
Total liabilities	<u>425,930,253</u>
Net assets	
Without donor restrictions	
Unrestricted controlling	28,938,555
Unrestricted controlling - board designated	3,000,000
Unrestricted noncontrolling	<u>164,498,169</u>
Total net assets without donor restrictions	196,436,724
With donor restrictions	<u>4,112,108</u>
Total net assets	<u>200,548,832</u>
Total liabilities and net assets	<u><u>\$ 626,479,085</u></u>

See Notes to Consolidated Financial Statements.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Activities  
Year Ended December 31, 2021**

	Without donor restrictions	With donor restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenue and other support			
Grants and contributions	\$ 436,265	\$ 894,639	\$ 1,330,904
Rental revenue - net	31,326,835	-	31,326,835
Development fee income	6,930,858	-	6,930,858
Interest income	106,992	-	106,992
Gain on debt forgiveness	395,559	-	395,559
Other income	836,104	-	836,104
Special events, net of expenses of \$69,871	704,710	-	704,710
Net assets released from restrictions	332,567	(332,567)	-
	<u>41,069,890</u>	<u>562,072</u>	<u>41,631,962</u>
 Total revenues and other support			
Expenses			
Program services (including interest expense of \$11,526,858 and depreciation and amortization of \$12,194,617)	43,194,662	-	43,194,662
Supporting services			
Management and general (including interest expense of \$57,941 and depreciation of \$149,787)	2,851,174	-	2,851,174
Fundraising	294,265	-	294,265
	<u>46,340,101</u>	<u>-</u>	<u>46,340,101</u>
 Total expenses			
Excess of revenue over expenses (expenses over revenue)	(5,270,211)	562,072	(4,708,139)
Excess of expenses over revenue attributable to noncontrolling interests	<u>(10,142,526)</u>	<u>-</u>	<u>(10,142,526)</u>
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<u>\$ 4,872,315</u>	<u>\$ 562,072</u>	<u>\$ 5,434,387</u>

See Notes to Consolidated Financial Statements.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Functional Expenses  
Year Ended December 31, 2021**

	Program services			Management and general	Fundraising	Total
	Rental properties	Real estate development	Subtotal			
Interest expense	\$ 11,526,858	\$ -	\$ 11,526,858	\$ 57,941	\$ -	\$ 11,584,799
Salaries	1,751,175	1,718,353	3,469,528	1,557,780	176,329	5,203,637
Depreciation and amortization	12,194,617	-	12,194,617	149,787	-	12,344,404
Utilities	2,234,341	-	2,234,341	7,187	-	2,241,528
Property operating and maintenance	5,179,989	-	5,179,989	46,684	-	5,226,673
Licenses and taxes	3,616,191	-	3,616,191	72,187	-	3,688,378
Management fee	1,080,475	-	1,080,475	-	-	1,080,475
Property administrative expenses	2,048,891	88,319	2,137,210	273,333	53,731	2,464,274
Auditing and accounting	286,990	-	286,990	46,150	-	333,140
Insurance	1,159,807	-	1,159,807	186,114	-	1,345,921
Telephone	203,179	-	203,179	17,879	-	221,058
Legal	105,477	-	105,477	26,637	-	132,114
Development and consulting services	-	-	-	165,191	58,498	223,689
Printing and copying	-	-	-	8,628	-	8,628
Supplies	-	-	-	12,487	-	12,487
Postage and delivery	-	-	-	48,992	5,707	54,699
Training	-	-	-	32,821	-	32,821
Travel	-	-	-	2,348	-	2,348
Sponsorships and subscriptions	-	-	-	63,506	-	63,506
Grant expenses	-	-	-	75,522	-	75,522
Fundraising direct costs for events	-	-	-	-	69,871	69,871
<b>Total expense by function</b>	<b>41,387,990</b>	<b>1,806,672</b>	<b>43,194,662</b>	<b>2,851,174</b>	<b>364,136</b>	<b>46,409,972</b>
Less expenses included with revenues on statement of activities						
Fundraising direct costs for events	-	-	-	-	(69,871)	(69,871)
Less expenses included in the expense section on the statement of activities	<u>\$ 41,387,990</u>	<u>\$ 1,806,672</u>	<u>\$ 43,194,662</u>	<u>\$ 2,851,174</u>	<u>\$ 294,265</u>	<u>\$ 46,340,101</u>

See Notes to Consolidated Financial Statements.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Changes in Net Assets  
Year Ended December 31, 2021**

	Without donor restrictions			With donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Net assets, December 31, 2020	\$ 27,066,240	\$ 127,391,444	\$ 154,457,684	\$ 3,550,036	\$ 158,007,720
Capital contributions from noncontrolling interests	-	47,458,525	47,458,525	-	47,458,525
Distributions to noncontrolling interests	-	(35,974)	(35,974)	-	(35,974)
Noncontrolling interests' syndication costs	-	(173,300)	(173,300)	-	(173,300)
Excess of expenses over revenue attributable to noncontrolling interests	-	(10,142,526)	(10,142,526)	-	(10,142,526)
Excess of revenue over expenses attributable to controlling interests	4,872,315	-	4,872,315	562,072	5,434,387
Net assets, December 31, 2021	<u>\$ 31,938,555</u>	<u>\$ 164,498,169</u>	<u>\$ 196,436,724</u>	<u>\$ 4,112,108</u>	<u>\$ 200,548,832</u>

See Notes to Consolidated Financial Statements.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Cash Flows  
Year Ended December 31, 2021**

Cash flows from operating activities	
Excess of expenses over revenue	\$ (4,708,139)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	12,175,704
Amortization	168,700
Amortization of debt issuance costs	463,772
Bad debt	217,899
Loss on debt extinguishment	574,964
Gain on forgiveness of debt	(395,559)
Change in fair value of derivative instruments	(554,799)
Accretion of loan fair value adjustment	96,398
Increase in grants and pledges receivable	(245,021)
Increase in residents' accounts receivable	(1,215,524)
Decrease in accounts receivable - other	87,685
Increase in development fee receivable	(4,721,926)
Increase in mortgage escrow deposits	(216,651)
Decrease in prepaid expenses	884,346
Increase in deposits	(1,042,080)
Decrease in accounts payable and accrued expenses	(49,944)
Increase in accrued interest	1,786,549
Increase in prepaid rents	343,539
Decrease in other liabilities	(55,046)
Increase in residents' security deposits	277,371
	<u>3,872,238</u>
Net cash provided by operating activities	<u>3,872,238</u>
Cash flows from investing activities	
Net purchases of land, property and equipment, construction in progress and development in progress	(75,243,435)
Increase in replacement and redevelopment reserves	81,769
Increase in other reserves	6,893,593
Notes receivable advances - related party	(11,261)
Increase in escrow agreements liability	14,028,106
	<u>14,028,106</u>
Net cash used in investing activities	<u>(54,251,228)</u>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidated Statement of Cash Flows  
Year Ended December 31, 2021**

Cash flows from financing activities	
Proceeds from notes payable	75,883,468
Repayment of notes payable	(55,208,911)
Capital contributions received from noncontrolling interests	47,458,525
Distributions paid to noncontrolling interests	(35,974)
Syndication costs paid	(173,300)
Repayment of advances from affiliates	(62,660)
Prepayment penalty paid	(394,820)
Debt issuance costs paid	<u>(4,759,867)</u>
Net cash provided by financing activities	<u>62,706,461</u>
Net increase in cash, cash equivalents and restricted cash	12,327,471
Cash, cash equivalents and restricted cash, beginning	<u>40,960,899</u>
Cash, cash equivalents and restricted cash, end	<u><u>\$ 53,288,370</u></u>
Supplemental disclosure of cash flow information	
Cash paid for interest during the year, net of amount capitalized	<u><u>\$ 9,242,339</u></u>
Supplemental schedule of noncash investing activities	
Costs incurred for rental property during the year	\$ (79,473,398)
Amortization of debt issuance costs capitalized	143,729
Construction and development costs payable	
Beginning of the period	(14,131,838)
End of the period	13,179,149
Amounts included in accrued interest payable	
Beginning of the period	(48,904)
End of the period	125,528
Development fee payable	
Beginning of the period	(4,052,439)
End of the period	<u>9,014,738</u>
Payments for rental property	<u><u>\$ (75,243,435)</u></u>

See Notes to Consolidated Financial Statements.

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

#### **Note 1 - Organization and summary of significant accounting policies**

Arlington Partnership for Affordable Housing, Inc. ("APAH") was incorporated in 1989 in the Commonwealth of Virginia as a nonstock, nonprofit corporation. APAH's purpose and mission is to develop, preserve, and own quality, affordable places to live; to promote stability and opportunity for our residents; and to advocate with the people and communities we serve. APAH resident services programs increase resident stability by connecting at-risk individuals and families to services and provide programs on workplace skills, financial education, health and well-being and community building. APAH derives its revenue principally from rental revenue, grants, contributions and development fees.

#### **Basis of consolidation**

The consolidated financial statements include the accounts of APAH and its subsidiary housing organizations and certain limited partnerships. The accounting guidance establishes the presumption that the general partner(s) in a limited partnership controls that limited partnership (or similar entity) regardless of the extent of the general partner's ownership interest in the Limited Partnership. The presumption of control by the general partner(s) can be overcome if the limited partners have either (i) "kick-out rights" - the substantive ability to dissolve or liquidate the partnership or otherwise remove the general partner(s) "without cause" or (ii) "substantive participating rights" - the ability to effectively participate in significant decisions made in the ordinary course of the limited partnership's business. If the presumption of control cannot be overcome, then the general partner is required to consolidate the limited partnership. APAH determined that the presumption of control for the limited partnerships in which APAH is the sole general partner had not been overcome and as a result APAH is required to consolidate the financial statements of APAH Snowden Limited Partnership, APAH Westover Apartments Limited Partnership, Arlington Mill Limited Partnership, Ballston Limited Partnership, Buchanan Gardens Limited Partnership, Cameron Commons LLC, Columbia Grove Apartments Limited Partnership, Columbia Hills East Limited Partnership, Columbia Hills West Limited Partnership, Courthouse Crossings Limited Partnership, Fisher House Limited Partnership, Gilliam Place East Limited Partnership, Gilliam Place West Limited Partnership, Oakwood South Nine Limited Partnership, Oakwood North Four Limited Partnership, Post West Nine Limited Partnership, Post East Four Limited Partnership, Rosslyn Ridge Apartments Limited Partnership, The Springs Apartments Limited Partnership, Queens North Four Limited Partnership, and Queens South Nine Limited Partnership.

The board of directors of APAH Commercial LLC, APAH Fort Totten LLC, APAH Oakwood LLC, APAH Post Land LLC, APAH Snowden Development Corporation, APAH Snowden, LLC, APAH Sterling 4 LLC, APAH Sterling 9 LLC, APAH Rosslyn Ridge, Inc., APAH Tysons, LLC, APAH Westover Development Corporation, APAH Westover LLC, Arlington Mill Development Corporation, Arna Marbella Development LLC, Arna Marbella Limited Partnership, The Barkalow LLC, Ballston GP, LLC, Braddock Four Limited Partnership, Braddock Nine Limited Partnership, Braddock Four Development LLC, Braddock Nine Development LLC, Buchanan Gardens II, LLC, Buchanan Gardens Development Corporation, Calvert Manor Development Corporation, Calvert Manor Limited Partnership, Cameron Commons Development Corporation, Carlyn Springs/Foxcroft Terrace Development Corporation, Columbia Grove Development Corporation, Columbia Grove, Inc., Columbia Hills East Development Corporation, Columbia Hills West Development Corporation, Courthouse Crossings Development Corporation, FHDC Corporation, Fisher House Development Corporation, Gilliam Place LLC, Gilliam Place East Development Corporation, Gilliam Place West Development Corporation, Gilliam Retail, LLC, Goose Creek Senior Development LLC, Goose Creek Senior Limited Partnership, Lorcom Arms Development Corporation, Lorcom Arms Limited Partnership, Marbella North Nine Development LLC, Marbella North Nine Limited Partnership,

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

Marbella South Four Development LLC, Marbella South Four Limited Partnership, North Pierce Associates Limited Partnership, Oakwood North Four Development LLC, Oakwood South Nine Development LLC, Post West Nine Development Corporation, Queen's Court Development Corporation, Queen's North Four Development Corporation, Queen's South Nine Development Corporation and The Springs Development Corporation is identical to the executive committee of the board of directors of APAH.

Rosslyn Ridge Development Corporation became an Arlington County designated Community Housing Development Organization ("CHDO") on June 9, 2011. To maintain certification as a CHDO, one third of the board of directors of Rosslyn Ridge Development Corporation must be comprised of a) residents of low-income neighborhoods, b) low-income community residents, or c) elected representatives of a low-income neighborhood organization. The remaining two thirds of the board of directors are comprised of members of the executive committee of APAH's board of directors. Marbella Development, LLC, Post East Four Development Corporation, AVV Apartments, LLC, and Arna Marbella GP Development Corporation are wholly-owned subsidiaries of Rosslyn Ridge Development Corporation. The board of directors of Post East Four Development Corporation and Arna Marbella GP Development Corporation are identical to the board of directors of Rosslyn Ridge Development Corporation.

Currently, APAH's subsidiary housing organizations operate through an unaffiliated management company. The subsidiary housing organizations are required to rent a certain number of units in each of the rental buildings described below to qualifying residents based upon household income. All significant intercompany transactions have been eliminated in consolidation.

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

**APAH Post Land LLC** - APAH Post Land LLC, a wholly-owned subsidiary, was formed on March 3, 2020 for the purpose to directly or indirectly, acquire, own, lease, and dispose of real estate in Virginia.

**APAH Braddock Road LLC and APAH Braddock Road Limited Partnership** - APAH Braddock Road Limited Partnership was formed on December 27, 2021. APAH Braddock Road LLC, a wholly-owned subsidiary, formed on December 27, 2021, is the general partner in APAH Braddock Road Limited Partnership.

**APAH Commercial LLC** - APAH Commercial LLC, a wholly-owned subsidiary, was formed on October 14, 2014 for the purpose of acquiring, owning, and disposing of the commercial condominium unit within the Springs Condominium. The condominium consists of approximately 5,573 square feet of commercial office space. The condominium was formed and subdivided on December 7, 2016. The activity of APAH Commercial, LLC is included with APAH, Inc. in the consolidating statement of financial position and statement of activities.

**APAH Fort Totten LLC** - APAH Fort Totten LLC, a wholly-owned subsidiary, was formed on December 23, 2020 for the purpose of acquiring, owning, leasing, and disposing of real estate in the District of Columbia. APAH is the sole member.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

**APAH Oakwood LLC** - APAH Oakwood LLC, a wholly-owned subsidiary, was formed on January 10, 2019 for the purpose of acquiring, owning, leasing, and disposing of real estate. On October 13, 2021, a deed of lease agreement was entered into with an unrelated third party. On October 13, 2021, deed sublease agreements were entered into with Oakwood North Four Limited Partnership and Oakwood South Nine Limited Partnership, as more fully described in Note 6.

**APAH Snowden, LLC** - APAH Snowden, LLC, a wholly-owned subsidiary, was formed on October 3, 2018 for the purpose of acquiring, owning, leasing, and disposing of real estate in Montgomery County, Maryland.

**APAH Snowden Development Corporation and APAH Snowden Limited Partnership** - APAH Snowden Limited Partnership was formed on November 30, 2018 for the purpose of acquiring, owning, leasing, and disposing of real estate in Montgomery County, Maryland. APAH Snowden Development Corporation, a wholly-owned subsidiary, formed on November 30, 2018, was the .01% general partner and APAH Snowden, LLC, a wholly-owned subsidiary, formed on October 4, 2018, was the limited partner and owned 99.99% in APAH Snowden Limited Partnership. On July 12, 2019, APAH Snowden Limited Partnership acquired 13 buildings consisting of 87 units from an unrelated third party, located in Montgomery County, Maryland. On December 21, 2020, the Partnership Agreement was amended to remove APAH Snowden, LLC as the Limited Partner and admit TCC Snowden's Ridge, LLC, an unrelated party, as the Investor Limited Partner with a 99.99% partnership interest. In addition, CDC Special Limited Partner, L.L.C., an unrelated party, was admitted as the Special Limited Partner with a 0.00% partnership interest.

**APAH Sterling 4 LLC** - APAH Sterling 4 LLC, a wholly-owned subsidiary, was formed on February 22, 2019 for the purpose of acquiring, owning, leasing, and disposing of real estate. APAH Sterling 4 LLC is the 50% co-manager of Mt. Sterling Senior 4% Manager LLC. An unrelated entity owns the remaining 50% co-manager interest in Mt. Sterling Senior 4% Manager LLC. Mt. Sterling Senior 4% Manager LLC is the 0.01% managing member in Mt Sterling Senior 4% Owner LLC, which was formed on November 20, 2018. An unrelated member owns 99.99% of member interest and an unrelated special member owns 0.00% of member interest in Mt. Sterling Senior 4% Owner LLC. The investment in Mt. Sterling Senior 4% Owner LLC is stated at cost adjusted for APAH Sterling 4 LLC's equity in income and loss and for cash distributions (the "equity method").

**APAH Sterling 9 LLC** - APAH Sterling 9 LLC, a wholly-owned subsidiary, was formed on February 22, 2019 for the purpose of acquiring, owning, leasing, and disposing of real estate. APAH Sterling 9 LLC is the 50% co-manager of Mt. Sterling Senior 9% Manager LLC. An unrelated entity owns the remaining 50% co-manager interest in Mt. Sterling Senior 9% Manager LLC. Mt. Sterling Senior 9% Manager LLC is the 0.01% managing member in Mt Sterling Senior 9% Owner LLC, which was formed on November 20, 2018. An unrelated member owns 99.99% of member interest and an unrelated special member owns 0.00% of member interest in Mt. Sterling Senior 9% Owner LLC. The investment in Mt. Sterling Senior 9% Owner LLC is stated at cost adjusted for APAH Sterling 9 LLC's equity in income and loss and for cash distributions (the "equity method").

**APAH Tysons LLC** - APAH Tysons LLC, a wholly-owned subsidiary, was formed on May 19, 2021 for the purpose of acquiring, owning, leasing, and disposing of real estate in Virginia.

**APAH Westover LLC** - APAH Westover LLC, a wholly-owned subsidiary, was formed on July 20, 2016 for the purpose of acquiring, owning, leasing, and disposing of real estate in Arlington County, Virginia. On September 28, 2016, the company acquired five buildings from an unrelated party. On November 30, 2016, the company acquired one additional building from an unrelated party. On January 12, 2017, the company acquired two additional buildings from an unrelated party. On

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

December 19, 2017, assets comprising of buildings and site improvements were transferred to APAH Westover Apartments Limited Partnership.

**APAH Westover Development Corporation and APAH Westover Apartments Limited Partnership** - APAH Westover Apartments Limited Partnership was formed on June 30, 2017. APAH Westover Development Corporation, a wholly-owned subsidiary, was formed on June 29, 2017, and is the .01% general partner in APAH Westover Apartments Limited Partnership. An unrelated limited partner owns 98.99% of partnership interest, an unrelated special limited partner owns 0% of partnership interest, and an unrelated state limited partner owns the remaining 1.00% of partnership interest. On December 19, 2017, assets comprising of buildings and site improvements were transferred to the partnership from APAH Westover LLC. The project consists of eight (8) residential buildings which contain 68 units, located in Arlington County, Virginia.

**APAH Rosslyn Ridge, Inc., North Pierce Associates Limited Partnership, and Rosslyn Ridge Apartments Limited Partnership** - APAH Rosslyn Ridge, Inc., a wholly-owned subsidiary, was formed on September 9, 2006, to act as general partner with a 1% interest and as a limited partner with a 49% interest in North Pierce Associates Limited Partnership. The investment in North Pierce Associates was stated at cost adjusted for APAH Rosslyn Ridge Inc.'s equity in income and loss and for cash distributions (the "equity method"). An unrelated party owned the remaining 50%.

On November 13, 2006, Rosslyn Ridge Apartments Limited Partnership was formed for the purpose of acquiring, constructing and operating a rental housing project. The project is a high-rise consisting of 238 units located in Arlington, Virginia, and operates under the name of Parc Rosslyn Apartments. North Pierce Associates Limited Partnership is the .0008% general partner. An unrelated limited partner owned the remaining 99.9992% of partnership interest.

On June 14, 2013, APAH acquired the other 50% interest in North Pierce Associates Limited Partnership from an unrelated entity. APAH effectively owns 100% of the interest in North Pierce Associates Limited Partnership through APAH Rosslyn Ridge, Inc. Accordingly, North Pierce Associates Limited Partnership and Rosslyn Ridge Apartments Limited Partnership were consolidated in these consolidated financial statements.

Per the Second Amendment to Agreement of Limited Partnership, effective December 1, 2020, the unrelated Withdrawing Limited Partner of Rosslyn Ridge Apartments Limited Partnership assigned all of its limited partnership interest to APAH.

**Arlington Mill Development Corporation and Arlington Mill Limited Partnership** - Arlington Mill Limited Partnership was formed on November 1, 2010. Arlington Mill Development Corporation, a wholly-owned subsidiary, is the .01% general partner in Arlington Mill Limited Partnership. An unrelated limited partner owns 99.98% of partnership interest and an unrelated special limited partner owns the remaining .01% of partnership interest. On October 31, 2011, Arlington Mill Limited Partnership entered into a ground lease agreement with the County Board of Arlington County, Virginia, effective August 29, 2012, to develop the project. The project, which was completed and placed in service on January 31, 2014, is a mid-rise building consisting of 122 units and located in Arlington County, Virginia.

**Arna Marbella Development LLC** - Arna Marbella Development LLC, a wholly-owned subsidiary, was formed on August 31, 2021 for the purpose of acquiring, owning, leasing, and disposing of real estate in Virginia. In 2022, the entity was dissolved.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

**Arna Marbella GP Development Corporation and Arna Marbella Limited Partnership** - Arna Marbella Limited Partnership was formed on August 31, 2021. Arna Marbella GP Development Corporation was formed on October 31, 2021. The sole member is Rosslyn Ridge Development Corporation. Arna Marbella GP Development Corporation is a .01% general partner in Arna Marbella Limited Partnership. APAH is the 99.99% limited partner.

**Ballston GP, LLC and Ballston Limited Partnership** - Ballston Limited Partnership was formed on September 25, 2020. Ballston GP, LLC, a wholly-owned subsidiary, is the .01% general partner in Ballston Limited Partnership. APAH was the original limited partner. As of December 9, 2021, APAH was removed as limited partner and an unrelated limited partner was admitted as the 99.99% investor limited partner and an unrelated special limited partner was assigned a 0% special limited partnership interest. As of December 31, 2021, the building is under construction.

**Barkalow Limited Liability Company** - The Barkalow Limited Liability Company purchased a 14-unit building, located in Arlington County, Virginia ("The Barkalow"), on September 21, 1999. Since April 12, 2002, APAH has been the sole member of the LLC.

**Braddock Four Development LLC and Braddock Four Limited Partnership** - Braddock Four Limited Partnership was formed on December 2, 2020. Braddock Four Development LLC, a wholly-owned subsidiary, was formed on December 2, 2020 and is the 0.01% general partner in Braddock Four Limited Partnership. APAH is the 99.99% limited partner.

**Braddock Nine Development LLC and Braddock Nine Limited Partnership** - Braddock Nine Limited Partnership was formed on December 2, 2020. Braddock Nine Development LLC, a wholly-owned subsidiary, was formed on December 2, 2020 and is the 0.01% general partner in Braddock Nine Limited Partnership. APAH is the 99.99% limited partner.

**Buchanan Gardens II, LLC** - The company bought a 111-unit, garden style, 11-building complex, located in Arlington County, Virginia in December 2009. The property was sold to Buchanan Gardens Limited Partnership on April 25, 2011. APAH is the sole member of the LLC.

**Buchanan Gardens Development Corporation and Buchanan Gardens Limited Partnership** - On April 25, 2011, Buchanan Gardens Limited Partnership purchased a 111-unit, garden style, 11-building complex, located in Arlington County, Virginia from Buchanan Gardens II, LLC. Buchanan Gardens Development Corporation, a wholly-owned subsidiary, is the .01% general partner in Buchanan Gardens Limited Partnership. An unrelated limited partner owns the remaining 99.99% of partnership interest.

**Calvert Manor Development Corporation and Calvert Manor Limited Partnership** - Calvert Manor Development Corporation a wholly-owned subsidiary, was formed on February 27, 1997, and is the 0.1% general partner in Calvert Manor Limited Partnership. An unrelated limited partner owned the 99.9% of partnership interest from the limited partner. On October 21, 2013, APAH was assigned the 99.9% of partnership interest from the limited partner. Calvert Manor is a 23-unit, three-story brick multifamily residential dwelling, located in Arlington County, Virginia. The property was purchased on September 24, 1997.

**Cameron Commons Development Corporation and Cameron Commons, LLC** - Cameron Commons Development Corporation, a wholly-owned subsidiary formed on June 21, 2001, purchased an 11-unit garden-style building on August 1, 2001 and completed the construction of five apartments in a separate two-story building in February 2005 located in Arlington County, Virginia. On July 3, 2008, Cameron Commons Development Corporation contributed Cameron

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

Commons Apartments to Cameron Commons, LLC. Cameron Commons Development Corporation had an 87.5% membership interest in Cameron Commons, LLC from inception through December 6, 2009. Doorways Cameron, LLC, an unrelated member, owned the remaining 12.5% of the Corporation's interests during this time. During 2011, additional contributions were made by Doorways Cameron, LLC, which in accordance with the operating agreement, changed their membership interest to 31%. Cameron Commons Development Corporation's ownership interest changed to 69%.

**Carlyn Springs/Foxcroft Terrace Development Corporation** - The Corporation owned and operated Carlyn Springs Apartments, a 27-unit, garden-style building complex. The complex was purchased by APAH on October 31, 1997. On February 5, 2015, the Corporation sold the land to The Springs Apartments Limited Partnership, an APAH subsidiary. Both the selling and purchasing entity is consolidated by APAH and as a result this transaction is considered to be a transaction between entities under common control. On January 19, 2017, Montgomery Housing Partnership, Inc. ("MHP") assigned Carlyn Springs/Foxcroft Terrace Development Corporation 21% of its membership interest in BGA MM LLC. On May 30, 2018, MHP assigned Carlyn Springs/Foxcroft Terrace Development Corporation 46% of its membership interest in MHP Art, LLC.

**Columbia Grove Development Corporation and Columbia Grove Apartments Limited Partnership** - On October 30, 2008, Columbia Grove, Inc. contributed Columbia Grove Apartments to Columbia Grove Apartments Limited Partnership. Columbia Grove Development Corporation, a wholly-owned subsidiary, was formed on May 5, 2008 and is the .01% general partner in Columbia Grove Apartments Limited Partnership. Columbia Grove, Inc. is the .01% special limited partner. An unrelated limited partner owned the remaining 99.98% of partnership interests.

On June 2, 2016, Columbia Grove Apartments Limited Partnership transferred assets comprised of land and site improvements of the project to APAH, in connection with the Donation Agreement executed February 1, 2015. On June 2, 2016, APAH formed a land condominium with two land units and the land units were sold to Columbia Hills East Limited Partnership and Columbia Hills West Limited Partnership.

Per the First Amendment to Agreement of Limited Partnership, effective December 1, 2020, the unrelated Withdrawing Limited Partner assigned all of its limited partnership interest in Columbia Grove Apartments Limited Partnership to APAH. In connection with the assignment of partnership interest, APAH paid the unrelated Withdrawing Limited Partner \$592,000.

**Columbia Grove, Inc.** - The Corporation formerly owned a 210-unit, garden-style apartment complex, operated under the name of Columbia Grove Apartments, located in Arlington County, Virginia. On May 9, 2003, APAH purchased 100% of the stock of Columbia Grove, Inc. Such interests consist of one share of common stock. The Corporation contributed the property to Columbia Grove Apartments Limited Partnership on October 30, 2008. The Corporation is a .01% special limited partner in Columbia Grove Apartments Limited Partnership.

**Columbia Hills East Development Corporation and Columbia Hills East Limited Partnership** - Columbia Hills East Limited Partnership was formed on January 21, 2015. Columbia Hills East Development Corporation, a wholly-owned subsidiary, was formed on January 20, 2015 and is the .01% general partner in Columbia Hills East Limited Partnership. An unrelated limited partner owns 99.98% of partnership interest and an unrelated special limited partner owns the remaining .01% of partnership interest. On June 2, 2016, assets comprising land and site improvements were transferred to the partnership. The project is a high-rise building consisting of 97 units, located in Arlington County, Virginia.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

**Columbia Hills West Development Corporation and Columbia Hills West Limited Partnership** - Columbia Hills West Limited Partnership was formed on January 21, 2015. Columbia Hills West Development Corporation, a wholly-owned subsidiary, was formed on January 20, 2015 and is the .01% general partner in Columbia Hills West Limited Partnership. An unrelated limited partner owns 99.98% of partnership interest and an unrelated special limited partner owns the remaining .01% of partnership interest. On June 2, 2016, assets comprising land and site improvements were transferred to the partnership. The project is a high-rise building consisting of 132 units, located in Arlington County, Virginia.

**Courthouse Crossings Development Corporation and Courthouse Crossings Limited Partnership** - Courthouse Crossings Limited Partnership was formed on February 27, 2006. Courthouse Crossings Development Corporation, a wholly-owned subsidiary, was formed on February 24, 2006 and is the .01% general partner in Courthouse Crossings Limited Partnership. An unrelated limited partner owns 99.98% of partnership interest, and an unrelated special limited partner owns the remaining .01% of partnership interest. Courthouse Crossings is a 112-unit low-rise apartment complex located in Arlington County, Virginia. The property was purchased on June 1, 2006.

**Fisher House Development Corporation** - The Corporation formerly owned a 33-unit, garden style, four-building complex located in Arlington County, Virginia. The property was contributed to Fisher House Limited Partnership on June 5, 2006.

**FHDC Corporation and Fisher House Limited Partnership** - On June 5, 2006, Fisher House Development Corporation contributed Fisher House Apartments, a 33-unit, garden style, four-building complex located in Arlington County, Virginia to Fisher House Limited Partnership. FHDC Corporation, a wholly-owned subsidiary, was formed on March 2, 2005 and was the .01% general partner in Fisher House Limited Partnership. An unrelated special limited partner owned 1.00% of partnership interest. An unrelated limited partner owned the remaining 98.99% of partnership interest. Effective March 18, 2019, the unrelated special limited partner assigned all of their partnership interests to FHDC Corporation.

**Gilliam Place, LLC** - Gilliam Place, LLC, a wholly-owned subsidiary, was formed on January 15, 2016 for the purpose of acquiring, owning, leasing, and disposing of real estate. On July 28, 2016, Gilliam Place, LLC, acquired land and an existing structure, from an unrelated third party. On June 22, 2017, ground lease agreements were entered into with Gilliam Place East Limited Partnership and Gilliam Place West Limited Partnership, as more fully described in Note 6.

**Gilliam Place East Development Corporation and Gilliam Place East Limited Partnership** - Gilliam Place East Limited Partnership was formed on January 27, 2016. Gilliam Place East Development Corporation, a wholly-owned subsidiary, was formed on January 15, 2016, is the .01% general partner in Gilliam Place East Limited Partnership and an unrelated limited partner owns the remaining 99.99% of partnership interest. The project is a mid-rise building consisting of 83 units, located in Arlington County, Virginia.

**Gilliam Place West Development Corporation and Gilliam Place West Limited Partnership** - Gilliam Place West Limited Partnership was formed on January 27, 2016. Gilliam Place West Development Corporation, a wholly-owned subsidiary, was formed on January 15, 2016 and is the .01% general partner in Gilliam Place West Limited Partnership and an unrelated limited partner owns the remaining 99.99% of partnership interest. The project is a mid-rise building consisting of 90 units, located in Arlington County, Virginia.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

**Gilliam Retail, LLC** - Gilliam Retail, LLC was formed on May 16, 2017 and is a wholly-owned subsidiary. The purpose of the company is to lease and sublease commercial space at the rental housing complex owned by Gilliam Place East Limited Partnership.

**Goose Creek Senior Development LLC and Goose Creek Senior Limited Partnership** - Goose Creek Senior Limited Partnership was formed on September 10, 2021. Goose Creek Senior Development LLC, was formed on September 10, 2021 and is the .01% general partner in Goose Creek Senior Limited Partnership. APAH is the 99.99% limited partner.

**Lorcom Arms Development Corporation and Lorcom Arms Limited Partnership** - Lorcom Arms Development Corporation, a wholly-owned subsidiary, was formed on March 10, 2000, is the .01% general partner in Lorcom Arms Limited Partnership. An unrelated limited partner owned the remaining 99.99% of partnership interest. The property was purchased on March 2, 2000. Operating under the name of Leckey Gardens Apartments, the project is a 40-unit, garden-style apartment building, located in Arlington County, Virginia. On June 30, 2016, the limited partner assigned their entire limited partner interest to APAH.

**Marbella North Nine Development LLC and Marbella North Nine Limited Partnership** - Marbella North Nine Limited Partnership was formed on December 22, 2021. Marbella North Nine Development LLC, was formed on December 22, 2021 and is the .01% general partner in Marbella North Nine Limited Partnership. APAH is the 99.99% limited partner.

**Marbella South Four Development LLC and Marbella South Four Limited Partnership** - Marbella South Four Limited Partnership was formed on December 22, 2021. Marbella South Four Development LLC, was formed on December 22, 2021 and is the .01% general partner in Marbella South Four Limited Partnership. APAH is the 99.99% limited partner.

**Oakwood North Four Development LLC and Oakwood North Four Limited Partnership** - Oakwood North Four Limited Partnership was formed on December 12, 2019. Oakwood North Four Development LLC, a wholly-owned subsidiary, was formed on December 12, 2019 and is the .01% general partner in Oakwood North Four Limited Partnership. APAH was the 99.99% limited partner. As of October 13, 2021, an unrelated limited partner was admitted as the 99.99% investor limited partner and an unrelated special limited partner was assigned a 0% special limited partnership interest. As of December 31, 2021, the building is under construction.

**Oakwood South Nine Development LLC and Oakwood South Nine Limited Partnership** - Oakwood South Nine Limited Partnership was formed on December 12, 2019. Oakwood South Nine Development LLC, a wholly-owned subsidiary, was formed on December 12, 2019 and is the .01% general partner in Oakwood South Nine Limited Partnership. APAH was the 99.99% limited partner. As of October 13, 2021, an unrelated limited partner was admitted as the 99.99% investor limited partner and an unrelated special limited partner was assigned a 0% special limited partnership interest. As of December 31, 2021, the building is under construction.

**Post East Four Development Corporation and Post East Four Limited Partnership** - Post East Four Limited Partnership was formed on January 23, 2019. Post East Four Development Corporation, a wholly-owned subsidiary, was formed on January 17, 2019 and is the .01% general partner in Post East Four Limited Partnership. APAH was the 99.99% limited partner. On May 7, 2020, Post East Four Limited Partnership acquired land from an unrelated third party. Per the Amended and Restated Limited Partnership Agreement, effective May 7, 2020, APAH assigned all of its limited partnership interest in Post East Four Limited Partnership to NEF Assignment Corporation, an unrelated third party. As of December 31, 2021, the building is under construction.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

**Post West Nine Development Corporation and Post West Nine Limited Partnership** - Post West Nine Limited Partnership was formed on January 23, 2019. Post West Nine Development Corporation, a wholly-owned subsidiary, was formed on January 17, 2019 and is the .01% general partner in Post West Nine Limited Partnership. APAH was the 99.99% limited partner. On May 7, 2020, Post West Nine Limited Partnership acquired land from an unrelated third party. Per the Amended and Restated Limited Partnership Agreement, effective May 7, 2020, APAH assigned all of its limited partnership interest in Post West Nine Limited Partnership to NEF Assignment Corporation, an unrelated third party. As of December 31, 2021, the building is under construction.

**Queen's Court Development Corporation** - Queen's Court Development Corporation owned and operated Queen's Court Apartments, a 39-unit, garden-style, three-building complex, located in Arlington County, Virginia, purchased on August 7, 1995. On April 9, 2019, Queen's Court Development Corporation sold assets comprising of land and site improvements of the project to Queens North Four Limited Partnership and Queens South Nine Limited Partnership.

**Queens North Four Development Corporation and Queens North Four Limited Partnership** - Queens North Four Limited Partnership was formed on November 13, 2017. Queens North Four Development Corporation, a wholly-owned subsidiary, was formed on November 9, 2017 and is the .01% general partner in Queens North Four Limited Partnership. An unrelated investor limited partner owns 99.99% of partnership interest. An unrelated special limited partner owns 0% of partnership interest. On April 9, 2019, assets comprised of land and site improvements were sold to the partnership. The project is a high-rise building consisting of 159 units, located in Arlington County, Virginia.

**Queens South Nine Development Corporation and Queens South Nine Limited Partnership** - Queens South Nine Limited Partnership was formed on November 13, 2017. Queens South Nine Development Corporation, a wholly-owned subsidiary, was formed on November 9, 2017 and is the .01% general partner in Queens South Nine Limited Partnership. An unrelated investor limited partner owns 99.99% of partnership interest. An unrelated special limited partner owns 0% of partnership interest. On April 9, 2019, assets comprised of land and site improvements were sold to the partnership. The project is a high-rise building consisting of 90 units, located in Arlington County, Virginia.

**Rosslyn Ridge Development Corporation, Marbella Development Limited Liability Company, AVV Apartments Limited Liability Company, and Post East Four Development Corporation** - APAH purchased a 22-unit, garden-style building, located in Arlington County, Virginia, on May 12, 1994. The Corporation contributed the property to Rosslyn Ridge Apartments, LP on December 14, 2006.

Marbella Development LLC was formed on April 6, 2011. The sole member is Rosslyn Ridge Development Corporation. On June 17, 2011, the company acquired a 134-unit garden apartment complex, located in Arlington County, Virginia, and is currently operating under the name of Marbella Apartments.

AVV Apartments, LLC was formed on October 28, 2013. The sole member is Rosslyn Ridge Development Corporation. On February 28, 2014, the company acquired a 101-unit, garden style, three-building complex, located in Arlington County, Virginia and is currently operating under the name Arna Valley View Apartments.

Post East Four Development Corporation was formed on January 23, 2019. The sole member is Rosslyn Ridge Development Corporation.

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

Arna Marbella GP Development Corporation was formed on October 27, 2021. The sole member is Rosslyn Ridge Development Corporation.

**The Springs Development Corporation and The Springs Apartments Limited Partnership -** The Springs Apartments Limited Partnership was formed on February 6, 2014. The Springs Development Corporation, a wholly-owned subsidiary, was formed on February 7, 2014 and is the .01% general partner in The Springs Apartments Limited Partnership. An unrelated limited partner owns 99.98% of partnership interest and an unrelated special limited partner owns the remaining .01% of partnership interest. The Springs Apartments is a five-story 104-unit project located in Arlington County, Virginia. In connection with the project, a commercial office space was constructed and subdivided into a condominium owned by APAH Commercial LLC.

#### **Net asset classification**

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

Net assets without donor restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions. Included in net assets without donor restrictions are Board of Directors designated net assets of \$3,000,000 as of December 31, 2021. The Board of Directors has established this designation in recognition of the need to develop operating reserves to support operating costs if necessary.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Accounts receivable and bad debts**

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debt expense for the year ended December 31, 2021 was \$217,899.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

#### **Pledges receivable**

Pledges receivable consist of unconditional promises to give. Unconditional pledges receivable that are expected to be collected within a year are recorded at their net realizable value when the donor makes the promise. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The current and future pledges receivable balances as of December 31, 2021, approximate their net present value and the present value of their estimated future cash flows, respectively.

#### **Grant and contribution revenue**

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

#### **Rental income**

All leases with tenants are considered to be operating leases. Rental income is recognized when earned. Rents received in advance are deferred to the period in which the rents are earned.

#### **Property and equipment**

Property and equipment are recorded at cost or at the estimated fair value at the date of the gift or business combination. Depreciation is computed on the straight-line method over the estimated service lives of the respective assets. The depreciable lives are as follows:

Buildings and improvements	27.5 - 40 years
Furniture and equipment	5 - 7 years

Management reviews its real estate for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the properties are less than their carrying amount, management compares the carrying amount of the properties to their fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the assets' carrying value over their estimated fair value. No impairment loss has been recognized for the year ended December 31, 2021.

#### **Construction in progress**

Construction in progress consists primarily of predevelopment and development costs incurred in connection with redeveloping various properties. Such costs will be reclassified to buildings and improvements, furniture and equipment when the projects are placed in service. Costs associated with redevelopment projects that are not deemed probable are expensed.

#### **Functional allocation of expenses**

The costs relating to the various programs and other activities of APAH and its subsidiaries have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology and property administrative expenses, which are allocated on the basis of estimates of time and effort.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

#### Debt issuance costs

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

#### Income taxes

APAH and its subsidiaries, Cameron Commons Development Corporation, Carlyn Springs/Foxcroft Terrace Development Corporation, Fisher House Development Corporation, Queen's Court Development Corporation, and Rosslyn Ridge Development Corporation have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code. Due to their tax-exempt status, APAH and its subsidiaries are not subject to income taxes, except for taxes on unrelated business income. APAH did not have unrelated business income for the year ended December 31, 2021. APAH and its subsidiaries are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes for APAH and its exempt subsidiaries and they have no other tax positions which must be considered for disclosure. Each of the organizations except APAH Commercial LLC, APAH Fort Totten LLC, APAH Oakwood LLC, APAH Post Land LLC, APAH Snowden, LLC, APAH Sterling 4 LLC, APAH Tysons, LLC, APAH Westover LLC, Arna Marbella Development LLC, AVV Apartments, LLC, The Barkalow LLC, Braddock Four Development LLC, Braddock Nine Development LLC, Buchanan Gardens II, LLC, Gilliam Place, LLC, Gilliam Retail LLC, Goose Creek Senior Development LLC, Marbella Development LLC, Marbella North Nine Development LLC, Marbella South Four Development LLC, Oakwood North Four Development LLC, and Oakwood South Nine Development LLC, file separate tax returns.

APAH Commercial LLC, APAH Fort Totten LLC, APAH Oakwood LLC, APAH Post Land LLC, APAH Snowden, LLC, APAH Sterling 4 LLC, APAH Tysons, LLC, APAH Westover LLC, Arna Marbella Development LLC, AVV Apartments, LLC, The Barkalow LLC, Braddock Four Development LLC, Braddock Nine Development LLC, Buchanan Gardens II, LLC, Gilliam Place, LLC, Gilliam Retail LLC, Goose Creek Senior Development LLC, Marbella Development LLC, Marbella North Nine Development LLC, Marbella South Four Development LLC, Oakwood North Four Development LLC, and Oakwood South Nine Development LLC are single member Limited Liability Companies which are not recognized for federal income tax purposes. APAH Commercial LLC, APAH Fort Totten LLC, APAH Oakwood LLC, APAH Snowden LLC, APAH Sterling 4 LLC, APAH Tysons, LLC, APAH Westover LLC, Arna Marbella Development LLC, The Barkalow LLC, Braddock Four Development LLC, Braddock Nine Development LLC, Buchanan Gardens II, LLC, Goose Creek Senior Development LLC, Gilliam Place LLC, Gilliam Retail LLC, Marbella North Nine Development LLC, Marbella South Four Development LLC, Oakwood North Four Development LLC, and Oakwood South Nine Development LLC's activities are reported on APAH's income tax return. Arna Marbella GP Development Corporation, AVV Apartments LLC, Marbella Development LLC, and Post East Four Development Corporation's activities are reported on Rosslyn Ridge Development Corporation's tax return.

Columbia Grove, Inc. is a corporation and accounts for income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying and tax basis of assets and liabilities. A valuation allowance is recorded if, based upon the evidence available, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Columbia Grove, Inc. evaluates its uncertain tax positions in accordance with the applicable guidance. Accordingly, a loss

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

contingency is recognized when it is probable that a liability has been incurred as of the date of the consolidated financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Income tax returns filed by Columbia Grove, Inc. are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

APAH Snowden Limited Partnership, APAH Westover Apartments Limited Partnership, Arlington Mill Limited Partnership, Arna Marbella Limited Partnership, Ballston Limited Partnership, Braddock Four Limited Partnership, Braddock Nine Limited Partnership, Buchanan Gardens Limited Partnership, Calvert Manor Limited Partnership, Columbia Grove Apartments Limited Partnership, Columbia Hills East Limited Partnership, Columbia Hills West Limited Partnership, Courthouse Crossings Limited Partnership, Fisher House Limited Partnership, Gilliam Place East Limited Partnership, Gilliam Place West Limited Partnership, Goose Creek Senior Limited Partnership, Lorcom Arms Limited Partnership, Marbella North Nine Limited Partnership, Marbella South Four Limited Partnership, Oakwood North Four Limited Partnership, Oakwood South Nine Limited Partnership, Post East Four Limited Partnership, Post West Nine Limited Partnership, Queens North Four Limited Partnership, Queens South Nine Limited Partnership, Rosslyn Ridge Apartments Limited Partnership, North Pierce Associates Limited Partnership, and The Springs Apartments Limited Partnership have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Limited Partnerships' federal tax statuses as pass-through entities are based on their legal status as partnerships. Accordingly, the Limited Partnerships are not required to take any tax positions in order to qualify as a pass-through entity. The Limited Partnerships are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes for the Limited Partnerships and they have no other tax positions which must be considered for disclosure. Income tax returns filed by the Limited Partnerships are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

#### **Cash equivalents**

APAH and its subsidiaries consider money market funds and all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### **Noncontrolling interest in limited partnerships and limited liability companies**

This amount represents the aggregate balances of the Limited Partner or Noncontrolling Member's equity interests in the nonwholly-owned limited partnerships and limited liability companies, respectively, that are included in unrestricted noncontrolling net assets in the consolidated financial statements. The net loss of the limited partnerships and limited liability companies attributable to the noncontrolling interest is reflected under unrestricted net assets attributable to noncontrolling interest on the statement of activities. Contributions and syndication costs attributable to the noncontrolling interest, if any, are reflected in the statement of changes in net assets.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

#### Intangibles

In connection with the business combination during a prior year, AVV Apartments, LLC allocated a portion of the total purchase price of the property acquisition to an intangible asset, in-place leases. The in-place leases in the amount of \$485,801 are amortized over the average tenancy of 7.5 years. During 2021, amortization expense was \$43,185. As of December 31, 2021, the in-place leases were fully amortized.

#### Development fees

Development fees earned are paid from the project's equity and debt proceeds at the completion of the construction of the project. These fees are recognized over the development period beginning when the project is assured of being constructed, as evidenced by the admission of an equity partner, as units are delivered or based on the external construction costs incurred as a percentage of the total external construction costs expected, and concluding with the application for final allocation of tax credits. Any portion of the development fee not expected to be paid using contributions from the equity partner, such as out of cash flow from operations, represents variable consideration.

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

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

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

#### Advertising

Advertising costs are expensed as incurred.

#### Derivative instruments

On April 12, 2019, Queens South Nine Limited Partnership entered into an interest rate cap agreement effective June 1, 2019, to manage the interest rate risk on its variable interest rate loan and carries its derivative instrument at fair value as either assets or liabilities on the consolidated balance sheet. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether the partnership has designated it as a hedging instrument, whether it qualifies as part of a hedging relationship, and on the type of hedging relationship. The

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

partnership has not designated any of its derivative activities as hedging instruments and, therefore, the partnership recognizes the gain or loss associated with the change in the fair value in current earnings during the period of the change. The interest rate cap agreement was satisfied with the full payoff of the construction loan on December 14, 2021.

On May 4, 2020, Post West Nine Limited Partnership entered into an interest rate cap agreement effective July 1, 2020, to manage the interest rate risk on its variable interest rate loan and carries its derivative instrument at fair value as either assets or liabilities on the consolidated balance sheet. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether the partnership has designated it as a hedging instrument, whether it qualifies as part of a hedging relationship, and on the type of hedging relationship. The partnership has not designated any of its derivative activities as hedging instruments and, therefore, the partnership recognizes the gain or loss associated with the change in the fair value in current earnings during the period of the change. At December 31, 2021, the fair value of the interest rate cap was \$0.

On October 13, 2021, Oakwood North Four Limited Partnership entered into an interest rate cap agreement effective October 13, 2021, to manage the interest rate risk on its variable interest rate loan and carries its derivative instrument at fair value as either assets or liabilities on the consolidated balance sheet. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether the partnership has designated it as a hedging instrument, whether it qualifies as part of a hedging relationship, and on the type of hedging relationship. The partnership has not designated any of its derivative activities as hedging instruments and, therefore, the partnership recognizes the gain or loss associated with the change in the fair value in current earnings during the period of the change. At December 31, 2021, the fair value of the interest rate cap was \$0.

On October 13, 2021, Oakwood South Nine Limited Partnership entered into an interest rate cap agreement effective October 13, 2021, to manage the interest rate risk on its variable interest rate loan and carries its derivative instrument at fair value as either assets or liabilities on the consolidated balance sheet. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether the partnership has designated it as a hedging instrument, whether it qualifies as part of a hedging relationship, and on the type of hedging relationship. The partnership has not designated any of its derivative activities as hedging instruments and, therefore, the partnership recognizes the gain or loss associated with the change in the fair value in current earnings during the period of the change. At December 31, 2021, the fair value of the interest rate cap was \$0.

On October 13, 2021, APAH Oakwood LLC entered into an interest rate cap agreement effective October 13, 2021, to manage the interest rate risk on its variable interest rate loan and carries its derivative instrument at fair value as either assets or liabilities on the consolidated balance sheet. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether the partnership has designated it as a hedging instrument, whether it qualifies as part of a hedging relationship, and on the type of hedging relationship. The partnership has not designated any of its derivative activities as hedging instruments and, therefore, the partnership recognizes the gain or loss associated with the change in the fair value in current earnings during the period of the change. At December 31, 2021, the fair value of the interest rate cap was \$0.

On December 9, 2021, Ballston Limited Partnership entered into an interest rate cap agreement effective December 9, 2021, to manage the interest rate risk on its variable interest rate loan and carries its derivative instrument at fair value as either assets or liabilities on the consolidated

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

balance sheet. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether the partnership has designated it as a hedging instrument, whether it qualifies as part of a hedging relationship, and on the type of hedging relationship. The partnership has not designated any of its derivative activities as hedging instruments and, therefore, the partnership recognizes the gain or loss associated with the change in the fair value in current earnings during the period of the change. At December 31, 2021, the fair value of the interest rate cap was \$86,189.

#### **Fair value measures**

The accounting guidance for fair value measurement and disclosure establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability based on market data obtained from sources independent of APAH. Unobservable inputs are inputs that reflect APAH's assumptions that the assumed market participants would use in pricing the asset or liability based on the best information available under the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the assets or liability.
- Level 3 - Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021.

Derivative instrument - On a recurring basis, APAH will measure derivative instruments at their estimated fair values. In determining the fair value of the derivative instruments, APAH will use the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. APAH will incorporate credit valuation adjustments to appropriately reflect the partnerships nonperformance risk and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or the partnerships. However, the impact of the credit valuation adjustments is not expected to be significant to the overall valuation of the derivative instruments. As a result, the fair values of the derivative instruments will be considered to be based primarily on Level 2 inputs. As of December 31, 2021, the fair value of the interest rate cap for each of the entities Post West Nine Limited Partnership, Oakwood North Four Limited Partnership, Oakwood South Nine Limited

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

Partnership, and APAH Oakwood LLC was \$0. As of December 31, 2021, the fair value of the interest rate cap for Ballston Limited Partnership was \$86,189.

#### Note 2 - Liquidity and availability

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

Cash and cash equivalents - unrestricted	\$ 27,264,678
Grants and pledges receivable	336,921
Accounts receivable	2,141,960
Development fee receivable - affiliate	<u>7,153,131</u>
 Total financial assets	 36,896,690
 Less amounts not available to be used within one year	
 Amounts restricted by donor with time or purpose restrictions	 <u>(4,112,108)</u>
 Financial assets available to meet general expenditures over the next 12 months:	 <u>\$ 32,784,582</u>

Additionally, APAH has access to a line of credit totaling \$15,000,000, of which undrawn lines of credit amounting to \$11,502,371 can be drawn upon at the discretion of management for operating and development needs (see Note 3).

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

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements  
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**Note 3 - Notes and mortgages payable**

Notes and mortgages payable are as follows:

Debtor	Lender	Original Loan Date	Original Principal Amount	Interest Rate	Maturity Date	Annual Payments	Balance, December 31, 2021	Unamortized Debt Issuance Costs	Net Balance, December 31, 2021	Accrued Interest, December 31, 2021	Interest Expense for 2021	Amortization of Debt Issuance Costs	Debt Issuance Imputed Rate
APAH, Inc. (project: Columbia Hills East)	Federal Home Loan Bank of Atlanta	6/2/2016	\$ 500,000	non-interest	(E)	N/A	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	-	N/A
APAH, Inc. (project: Gilliam Place East)	Federal Home Loan Bank of Atlanta	5/28/2019	500,000	8.00%	6/22/2050	N/A	500,000	-	500,000	110,942	45,141	-	N/A
APAH, Inc. (project: Queens South Nine)	Federal Home Loan Bank of Atlanta	2/27/2020	500,000	non-interest	(E)	N/A	500,000	-	500,000	-	-	-	N/A
APAH, Inc. (project: Oakwood)	Goodwin House Development Corporation	(M) 12/15/2020	2,000,000	2.00%	12/1/2021	Interest Only	-	-	-	-	-	-	N/A
APAH, Inc. (project: Mt. Sterling 4)	E&G Group II, LLC	11/19/2020	244,500	non-interest	12/31/2022	N/A	244,500	-	244,500	-	2,699	-	N/A
APAH, Inc.	MainStreet Bank	(N) 4/23/2020	390,900	1.00%	4/23/2022	N/A	-	-	-	-	-	-	N/A
				0.40% above daily Wall Street Journal									
APAH, Inc.	Atlantic Union Bank	(H) 8/2/2016	15,000,000	Prime Rate	9/30/2024	N/A	-	(R) (62,062)	(62,062)	-	-	10,101	N/A
APAH Inc. (project: Oakwood North Four)	Atlantic Union Bank	12/10/2021	456,926	Variable Rate	On Demand	N/A	-	(T) -	-	-	-	-	N/A
APAH Inc. (project: Oakwood South Nine)	Atlantic Union Bank	12/10/2021	365,703	Variable Rate	On Demand	N/A	-	(U) -	-	-	-	-	N/A
APAH Inc. (project: Ballston LP)	Atlantic Union Bank	12/17/2021	531,200	6.00%	On Demand	N/A	-	(L) -	-	-	-	-	N/A
				0.40% above daily Wall Street Journal									
APAH, Inc. (project: Mt. Sterling 4)	Atlantic Union Bank	2/20/2020	489,000	Prime Rate	On Demand	N/A	-	-	-	-	-	-	N/A
APAH, Inc. (project: Post East Four)	Atlantic Union Bank	4/20/2020	2,175,000	6.00%	On Demand	N/A	-	-	-	-	-	-	N/A
APAH, Inc. (project: Queens North Four)	Bank of America	4/9/2019	5,900,000	7.50%	10/9/2021	N/A	-	-	-	-	-	-	N/A
APAH Oakwood LLC	Fairfax County Revelopment and Housing Authority	(G) 10/13/2021	5,000,000	(K)	10/13/2023	Interest Only	236,099	(50,470)	185,629	-	(Q)	-	N/A
APAH Oakwood LLC		10/13/2021	5,250,000	2.00%	(S)	Interest Only	-	(F)	-	-	-	-	N/A
APAH Snowden, LP	Community Development Administration	12/21/2020	21,100,000	3.33%	1/1/2038	955,226	20,853,297	(619,098)	20,234,199	-	587,098	64,325	3.97%
APAH Snowden, LP	Montgomery County, MD - Community Development Block Grant Note	12/21/2020	1,500,000	non-interest	6/1/2062	N/A	1,500,000	-	1,500,000	-	-	-	N/A
APAH Snowden, LP	Montgomery County, MD - County HIF Loan	12/21/2020	5,000,000	4.00%	6/1/2062	(B)	5,000,000	-	5,000,000	-	-	-	N/A
APAH Snowden, LP	Community Development Administration - RHW Loan	12/21/2020	2,500,000	4.00%	6/1/2062	(B)	2,248,500	(48,763)	2,199,737	-	-	1,205	4.00%
APAH Westover, LLC	Arlington County, VA - AHIF Loan	2/9/2017	10,998,494	0.43%	12/1/2049	(A)	6,261,710	-	6,261,710	85,507	27,225	-	N/A
APAH Westover Apartments, LP	Virginia Housing	12/19/2017	6,530,000	3.095%	4/1/2049	334,397	6,162,743	(178,489)	5,984,254	15,895	192,764	6,498	3.095%
APAH Westover Apartments, LP	Arlington County, VA - AHIF Loan	12/19/2017	4,323,871	non-interest	12/1/2049	(A)	4,321,219	-	4,321,219	-	-	-	N/A
Arlington Mill, LP	Virginia Housing	8/29/2012	8,870,000	5.532%	10/1/2044	606,493	7,854,301	(258,067)	7,596,234	36,208	434,951	13,643	5.91%
AVV Apartments, LLC	Virginia Housing	2/26/2014	8,420,000	4.868%	3/1/2044	534,288	7,251,706	(114,151)	7,137,555	29,418	356,987	6,796	5.04%
AVV Apartments, LLC	Arlington County, VA - AHIF Loan	2/28/2014	4,502,199	2.00%	2/28/2044	(A)	3,152,199	-	3,152,199	342,910	68,887	-	N/A
AVV Apartments, LLC	Arlington County, VA - HOME Loan	2/28/2014	2,800,000	non-interest	2/28/2044	N/A	2,800,000	-	2,800,000	-	-	-	N/A
AVV Apartments, LLC	Arlington County, VA - CDBG Loan	2/28/2014	1,000,000	2.00%	2/28/2044	(A)	964,075	-	964,075	17,115	19,598	-	N/A
Ballston, LP	Arlington County, VA - AHIF Loan	12/9/2021	19,065,000	(D)	12/9/2059	(A)	11,030,533	-	11,030,533	-	-	-	N/A
Ballston, LP	Truist - Construction Loan	12/9/2021	36,200,000	(O)	11/1/2024	Interest Only	50,001	(1,308,438)	(1,258,437)	-	(Q)	-	N/A
Ballston, LP	Virginia Housing	(P)	12,800,000	(P)	11/1/2024	(P)	-	(321,612)	-	-	-	-	N/A
Braddock Four LP	Virginia Community Capital, Inc.	11/5/2021	1,000,000	4.95%	11/5/2022	Interest Only	436,963	-	436,963	-	-	-	N/A
Buchanan Gardens, LP	Virginia Housing	4/30/2013	7,690,000	6.383%	5/1/2043	576,190	6,717,955	(59,109)	6,658,846	35,734	433,022	3,453	6.4958%
Buchanan Gardens, LP	Arlington County, VA - AHIF Loan	4/25/2011	11,712,603	2.00%	5/1/2043	(A)	8,784,570	-	8,784,570	1,849,648	293,244	-	N/A
Calvert Manor, LP	Virginia Housing	11/7/2013	2,225,143	3.309%	6/1/2044	117,074	1,855,894	(28,778)	1,827,116	5,118	66,927	2,001	3.47%
Calvert Manor, LP	Arlington County, VA - AHIF Loan	9/24/1997	500,000	4.00%	9/24/2027	(A)	415,573	-	415,573	160,245	21,953	-	N/A
Cameron Commons, LLC	Virginia Housing	5/23/2006	1,424,577	4.05%	7/1/2033	40,211	371,289	(7,823)	363,466	1,253	15,064	891	4.59%
Cameron Commons, LLC	Arlington County, VA	6/1/2002	1,048,000	1.50%	6/1/2032	(A)	1,048,000	-	1,048,000	551,225	23,717	-	N/A
Cameron Commons, LLC	Virginia Community Capital, Inc.	12/9/2003	25,000	non-interest	1/1/2029	1,000	32,062	-	32,062	-	-	-	N/A
Columbia Grove Apartments, LP	Virginia Housing	(M) 10/28/2008	14,755,000	7.403%	5/1/2045	1,181,568	-	-	-	-	813,888	6,863	7.78%
Columbia Grove Apartments, LP	Arlington County, VA - AHIF/HOME and CDBG loan	10/30/2008	4,649,720	2.00%	6/1/2033	(A)	1,400,000	-	1,400,000	1,023,323	185,381	-	N/A
Columbia Grove Apartments, LP	Arlington County, VA - AHIF Loan	10/28/2008	3,000,000	2.00%	5/1/2044	(A)	3,000,000	-	3,000,000	894,876	76,374	-	N/A
Columbia Grove Apartments, LP	Grandbridge Real Estate Capital LLC	10/29/2021	15,000,000	3.35%	11/1/2031	Interest Only	15,000,000	(231,212)	14,768,788	43,271	89,334	4,126	3.68%
Columbia Hills East, LP	Virginia Housing	6/2/2016	7,861,492	4.171%	12/1/2048	459,733	4,470,969	(288,136)	4,182,833	25,864	313,177	13,769	4.50%
Columbia Hills East, LP	Arlington County, VA - AHIF Loan	6/2/2016	7,706,429	1.40%	6/1/2046	(A)	7,598,379	-	7,598,379	-	-	-	N/A
Columbia Hills East, LP	Virginia Housing Trust Fund	6/2/2016	750,000	1.50%	5/28/2036	Interest Only	750,000	-	750,000	937	11,250	-	N/A
Columbia Hills West, LP	Virginia Housing	6/2/2016	12,450,000	3.644%	12/1/2048	682,939	11,724,376	(331,465)	11,392,911	35,603	431,452	16,469	3.89%
Columbia Hills West, LP	Arlington County, VA - AHIF Loan	6/2/2016	10,786,665	1.40%	6/1/2046	(A)	10,100,266	-	10,100,266	-	-	-	N/A
Courthouse Crossings, LP	Virginia Housing	3/20/2008	8,600,000	5.847%	4/1/2043	577,871	7,035,515	(150,045)	6,885,470	34,281	412,425	8,684	6.10%
Courthouse Crossings, LP	Arlington County, VA - AHIF Loan	10/5/2006	9,139,988	4.00%	5/1/2044	(A)	9,139,988	(26,250)	9,113,738	6,374,917	494,614	1,124	4.08%
Fisher House, LP	Virginia Housing	1/3/2007	3,295,000	4.813%	2/1/2038	172,132	1,924,687	(43,339)	1,881,348	7,720	93,511	3,832	5.18%
Fisher House, LP	Arlington County, VA	1/3/2007	795,000	4.00%	3/31/2039	(A)	795,000	-	795,000	408,552	46,351	-	N/A

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## Notes to Consolidated Financial Statements December 31, 2021

Debtor	Lender	Original Loan Date	Original Principal Amount	Interest Rate	Maturity Date	Annual Payments	Balance, December 31, 2021	Unamortized Debt Issuance Costs	Net Balance, December 31, 2021	Accrued Interest, December 31, 2021	Interest Expense for 2021	Amortization of Debt Issuance Costs	Debt Issuance Imputed Rate
Gilliam Place, LLC	Arlington County, VA - AHIF Loan	7/28/2016	8,568,716	1.25%	7/1/2049	(A)	8,118,602	-	8,118,602	117,239	102,532	-	N/A
Gilliam Place East, LP	Virginia Housing	11/11/2019	7,874,000	4.877%	11/11/2049	500,153	7,683,231	(249,682)	7,433,549	31,226	377,466	8,360	4.96%
Gilliam Place East, LP	Arlington County, VA - AHIF Loan	6/22/2017	2,767,953	1.50%	7/1/2049	(A)	2,711,223	(12,745)	2,698,478	21,168	41,123	500	1.52%
Gilliam Place East, LP	Virginia Housing Trust Fund	6/22/2017	700,000	1.00%	5/1/2050	(B)	700,000	-	700,000	-	7,000	-	N/A
Gilliam Place West, LP	Virginia Housing - Bond Loan	6/22/2017	6,740,000	3.096%	2/1/2050	345,195	6,482,806	(95,425)	6,387,381	16,726	202,736	5,024	3.15%
Gilliam Place West, LP	Arlington County, VA - AHIF Loan	6/22/2017	6,799,795	1.00%	7/1/2049	(A)	6,799,795	(9,580)	6,790,215	171,822	69,196	362	1.01%
Lorcom Arms, LP	Atlantic Union Bank	12/8/2017	2,600,000	4.80%	6/8/2028	196,317	2,266,800	(35,345)	2,231,455	9,369	114,469	5,491	5.021%
Lorcom Arms, LP	Arlington County, VA - AHIF Loan	4/7/2000	803,000	1.00%	6/1/2031	(A)	803,000	(9,489)	793,511	555,386	13,472	1,008	1.07%
Marbella Development, LLC	Virginia Housing	8/1/2011	10,080,000	5.738%	7/31/2046	631,171	8,306,857	(102,524)	8,204,333	39,721	476,615	4,846	5.86%
Marbella Development, LLC	Arlington County, VA - AHIF/HOME Loan	6/1/2011	4,031,000	2.50%	6/1/2041	(A)	3,723,150	-	3,723,150	325,998	98,760	-	N/A
Oakwood North Four LP	Bank of America	10/13/2021	17,155,000	(K)	10/13/2023	Interest Only	276,971	(180,520)	96,451	-	(Q)	-	N/A
Oakwood North Four LP	Fairfax County Revolopment and Housing Authority	10/1/2021	12,570,000	0.41%	5/1/2025	Interest Only	-	(F)	-	-	-	-	N/A
Oakwood North Four LP	Virginia Housing	(P)	7,919,000	(P)	(P)	-	(F)	(1,242,269)	(1,242,269)	-	-	-	N/A
Oakwood South Nine LP	Bank of America	10/13/2021	20,530,000	(K)	10/13/2023	Interest Only	4,007,069	(214,270)	3,792,799	-	(Q)	-	N/A
Oakwood South Nine LP	Virginia Housing	(P)	6,338,000	(P)	(P)	-	(F)	(534,210)	(534,210)	-	-	-	N/A
Post East Four, LP	Virginia Housing - GAP Loan	5/7/2020	7,250,000	2.22%	5/1/2057	Interest Only	7,250,000	(202,123)	7,047,877	13,413	(Q)	-	N/A
Post East Four, LP	Virginia Housing	10/26/2021	11,910,000	2.786%	11/1/2057	(C)	3,392,963	(341,378)	3,051,585	6,167	(Q)	-	N/A
Post East Four, LP	Arlington County, VA - AHIF Loan	5/7/2020	5,730,000	(I)	5/1/2057	(A)	5,730,000	(37,655)	5,692,345	-	-	-	0.01%
Post East Four, LP	Arlington County, VA - HOME Loan	5/7/2020	2,445,000	(I)	5/1/2057	(A)	2,445,000	-	2,445,000	-	-	-	N/A
Post West Nine, LP	Virginia Housing	5/7/2020	7,930,000	3.448%	5/1/2054	(C)	-	(F)	(225,550)	(225,550)	-	-	N/A
Post West Nine, LP	Capital One	5/7/2020	26,295,000	2.25%	11/30/2022	Interest Only	14,680,574	(267,950)	14,412,624	31,600	(Q)	-	N/A
Post West Nine, LP	Arlington County, VA - AHIF Loan	5/7/2020	5,790,000	(J)	5/1/2057	(A)	5,790,000	(15,983)	5,774,017	-	-	-	0.01%
Post West Nine, LP	American Legion Seller Note	5/7/2020	2,000,000	3.75%	5/7/2058	(B)	2,000,000	-	2,000,000	125,528	-	-	N/A
Queens North Four, LP	Virginia Housing	4/9/2019	19,320,000	3.425%	1/1/2057	948,126	19,320,000	(645,610)	18,674,390	53,333	407,419	-	3.581%
Queens North Four, LP	Virginia Housing - GAP Loan	4/9/2019	16,410,000	3.12%	1/1/2022	(M)	-	-	-	-	265,253	118,326	4.74%
Queens North Four, LP	Arlington County, VA - AHIF Loan	4/9/2019	8,800,000	1.25%	1/1/2057	(A)	8,800,000	(41,106)	8,758,894	79,562	79,562	887	1.26%
Queens South Nine, LP	Bank of America	4/9/2019	26,680,000	LIBOR + 2.25%	2/9/2022	(M)	-	-	-	-	261,847	136,840	3.56%
Queens South Nine, LP	Virginia Housing	12/14/2021	9,245,000	3.995%	1/1/2057	488,224	9,245,000	(360,731)	8,884,269	-	-	-	4.136%
Queens South Nine, LP	Arlington County, VA - AHIF Loan	4/9/2019	7,900,000	1.25%	1/1/2057	(A)	7,900,000	(38,325)	7,861,675	71,425	71,425	827	1.26%
Queens South Nine, LP	Virginia Housing Trust Fund	12/14/2021	700,000	3.00%	1/1/2052	Interest Only	700,000	-	700,000	-	-	-	N/A
Roslyn Ridge Apartments, LP	Virginia Housing	6/14/2013	46,250,000	5.706%	3/1/2044	3,267,921	41,132,804	-	41,132,804	195,586	2,346,808	-	5.9802%
Roslyn Ridge Apartments, LP	Arlington County, VA - Density Loan	12/8/2006	5,230,400	2.50%	6/1/2037	(A)	3,948,899	(18,117)	3,930,782	1,215,747	200,123	1,172	2.4531%
Roslyn Ridge Apartments, LP	Arlington County, VA - Base Loan	12/8/2006	1,800,000	2.50%	6/1/2037	(A)	1,498,204	-	1,498,204	343,669	(63,893)	-	N/A
The Springs Apartments, LP	Virginia Housing	1/30/2015	8,565,000	4.342%	9/1/2046	511,167	7,745,416	(240,895)	7,504,521	28,026	339,708	12,616	4.342%
The Springs Apartments, LP	Arlington County, VA - AHIF Loan	1/30/2015	7,827,700	2.00%	1/1/2045	(A)	7,170,648	-	7,170,648	600,342	152,372	-	N/A
The Springs Apartments, LP	Bank of America	1/30/2015	550,000	N/A	1/30/2033	N/A	550,000	-	550,000	-	-	-	N/A
	Sponsor loan debt issuance costs and amortization	N/A	N/A	N/A	N/A	N/A	-	(46,176)	(46,176)	-	-	3,733	3.50%
<b>Total consolidated</b>							<b>\$ 378,181,401</b>	<b>\$ (9,294,965)</b>	<b>\$ 368,886,436</b>	<b>\$ 16,143,615</b>	<b>\$ 11,121,027</b>	<b>\$ 463,772</b>	

- (A) Payable from residual receipts.
- (B) Payable from cash flow, surplus cash, or other noted events.
- (C) To be determined upon date of loan proceeds.
- (D) 0% interest per annum through the In-Service Date, as defined, but in no event later than February 29, 2024, and thereafter at the rate of 0.50% per annum.
- (E) The note shall be deemed satisfied upon the expiration of 15 years of operations of the project that the proceeds are to be loaned to.
- (F) No proceeds have been advanced as of December 31, 2021.
- (G) During the year ended December 31, 2021, the letter of credit was released at the project permanent loan conversion.
- (H) During the year ended December 31, 2021, the maximum credit amount available of the loan was increased to \$15,000,000.
- (I) 0% interest through October 1, 2022, after which interest shall accrue at a rate of 1.25% per annum.
- (J) 0% interest through October 1, 2022, after which interest shall accrue at a rate of 0.50% per annum.
- (K) Loan shall bear interest at a fluctuating rate per annum equal to the BSBY Daily Floating Rate, as defined, for that date plus 250 basis points.
- (L) No proceeds have been advanced as of December 31, 2021. At December 31, 2021, the remainin maximum credit amount available on the loan is \$531,200.
- (M) Loan was paid in full during 2021.
- (N) Loan was forgiven during 2021. The write-off of the loan is reflected in Gain on debt forgiveness on the consolidated statement of activities.
- (O) Daily Simple SOFR rate in effect plus the Applicable Margin in effect from time to time, as defined.
- (P) Loan commitment was obtained, but no agreement was executed during 2021.
- (Q) As of December 31, 2021, the project is under construction and interest is capitalized.
- (R) No proceeds have been advanced as of December 31, 2021. At December 31, 2021, the remainin maximum credit amount available on the loan is \$11,502,371.
- (S) Maturity date is 35 years after the date that the lender disburses the loan proceeds to the borrow following final completion.
- (T) No proceeds have been advanced as of December 31, 2021. At December 31, 2021, the remainin maximum credit amount available on the loan is \$456,926.
- (U) No proceeds have been advanced as of December 31, 2021. At December 31, 2021, the remainin maximum credit amount available on the loan is \$365,703.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

Of the total notes and mortgages payable at December 31, 2021, \$377,945,302 is collateralized by investment in real estate.

During the year ended December 31, 2021, interest capitalized to construction in progress totaled \$740,939. During the year ended December 31, 2021, amortization of debt issuance costs capitalized to construction in progress totaled \$143,729.

#### Aggregate annual maturities

Aggregate annual maturities of the notes payable for APAH and its subsidiaries for the next five years and thereafter following December 31, 2021 are as follows:

Year ending December 31, 2022	\$	18,424,174
2023		7,713,659
2024		3,690,639
2025		4,101,061
2026		4,014,857
Thereafter		<u>340,237,011</u>
Total		378,181,401
Unamortized debt issuance costs		<u>(9,294,965)</u>
Total	\$	<u>368,886,436</u>

#### Note 4 - Contribution/sale of multifamily rental properties

On July 3, 2008, Cameron Commons Development Corporation contributed Cameron Commons Apartments to Cameron Commons, LLC. The contribution of the property was recorded at a value of \$2,496,971, which equals Cameron Commons Development Corporation's book value at July 3, 2008.

On October 30, 2008, Columbia Grove, Inc. contributed Columbia Grove Apartments to Columbia Grove Apartments Limited Partnership. The contribution of the property was recorded at its fair value of \$19,130,844 at the date of contribution. The excess of the fair value over the book value of the assets contributed in the amount of \$2,041,621 is reflected as a deferred gain by Columbia Grove, Inc. The deferred gain is eliminated in consolidation.

On June 5, 2006, Fisher House Development Corporation contributed Fisher House Apartments to APAH, who contributed the property to FHDC Corporation, who contributed the property to Fisher House Limited Partnership. The contribution of the property was recorded at a value of \$3,041,123, which equals Fisher House Development Corporation's book value of \$1,486,123 plus an additional property contribution made by FHDC Corporation of \$1,555,000. The additional property contribution was eliminated in consolidation.

On December 14, 2006, Rosslyn Ridge Development Corporation contributed the land for Rosslyn Ridge Apartments to APAH Rosslyn Ridge Inc., who contributed the property to North Pierce Associates Limited Partnership, who contributed the property to Rosslyn Ridge Apartments Limited Partnership. The contribution of the property was recorded at a value of \$10,379,899, which equals Rosslyn Ridge Development Corporation's book value of \$4,379,899 plus an additional property contribution made by APAH Rosslyn Ridge Inc. of \$6,000,000. The excess of the fair value over the book value of the assets contributed in the amount of \$6,000,000 is reflected as a deferred gain by

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

APAH Rosslyn Ridge Inc. On June 14, 2013, North Pierce Associates Limited Partnership assigned .0092% of its interest in Rosslyn Ridge Apartments Limited Partnership to the limited partner, which resulted in a reduction of \$5,520,000 on the investment North Pierce Associates Limited Partnership and deferred gain. The deferred gain is eliminated in consolidation.

On April 25, 2011, Buchanan Gardens II, LLC sold Buchanan Gardens Apartments to Buchanan Gardens Limited Partnership. The property was recorded by Buchanan Gardens Limited Partnership at its fair value of \$10,200,000 at the date of sale. The excess of the liabilities repaid over the book value of the assets sold in the amount of \$1,421,838 is reflected as a deferred gain by Buchanan Gardens II, LLC. The deferred gain is eliminated in consolidation.

On February 5, 2015, Carlyn Springs/Foxcroft Terrace Development Corporation sold land to The Springs Apartments Limited Partnership and to APAH for the APAH office condo. Pursuant to accounting guidance and professional standards for acquisitions between entities under common control, the transaction was recorded at the net book value of the land of Carlyn Springs at the date of sale in the amount of \$292,800. The difference of the net purchase price and the net book value of the land that transferred is recorded as a component of equity for The Springs Apartments Limited Partnership and Carlyn Springs/Foxcroft Terrace Development Corporation in the amount of \$4,341,963 and was eliminated in consolidation.

On June 2, 2016, Columbia Grove Apartments Limited Partnership transferred assets comprised of land and site improvements of the project, in connection with the Donation Agreement executed February 1, 2015. The partnership consolidates into APAH and as a result, this is considered to be a transaction between entities under common control. In accordance with the accounting guidance under common control, the acquired assets are transferred at their respective net book values at the date of the transfer as reflected on the partnership's books. The difference of the net purchase price and net book value is recorded as a component of equity for Columbia Grove Apartments Limited Partnership in the amount of \$1,131,131 and is eliminated in consolidation. On June 2, 2016, APAH formed a land condominium with two land units and the land units were sold to Columbia Hills East Limited Partnership and Columbia Hills West Limited Partnership for a combined purchase price of \$10,400,000, of which \$5,134,207 was allocated to Columbia Hills East Limited Partnership and \$5,265,793 was allocated to Columbia Hills West Limited Partnership. The acquired assets were transferred at their respective net book values at the date of the transfer. The excess is recorded as a component of equity for Columbia Hills East Limited Partnership in the amount of \$4,575,768 and for Columbia Hills West Limited Partnership in the amount of \$4,693,101 and is eliminated in consolidation.

On December 19, 2017, APAH Westover LLC transferred assets comprised of buildings and site improvements of the project in a transaction with APAH Westover Apartments Limited Partnership. The partnership consolidates into APAH and as a result, this is considered to be a transaction between entities under common control. In accordance with the accounting guidance under common control, the acquired assets are transferred at their respective net book values at the date of the transfer as reflected on the partnership's books. The difference of the net purchase price and net book value is recorded as a component of equity for APAH Westover LLC and APAH Westover Apartments Limited Partnership in the amount of \$1,845,544 and is eliminated in consolidation.

On April 9, 2019, Queen's Court Development Corporation transferred land and site improvements of the project in a transaction with Queens North Four Limited Partnership. The partnership consolidates into APAH and as a result, this is considered to be a transaction between entities under common control. In accordance with the accounting guidance under common control, the

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

acquired assets are transferred at their respective net book values at the date of the transfer as reflected on the partnership's books. The difference of the net purchase price and net book value is recorded as a component of equity for Queen's Court Development Corporation and Queens North Four Limited Partnership in the amount of \$9,302,118 and is eliminated in consolidation.

On April 9, 2019, Queen's Court Development Corporation transferred land and site improvements of the project in a transaction with Queens South Nine Limited Partnership. The partnership consolidates into APAH and as a result, this is considered to be a transaction between entities under common control. In accordance with the accounting guidance under common control, the acquired assets are transferred at their respective net book values at the date of the transfer as reflected on the partnership's books. The difference of the net purchase price and net book value is recorded as a component of equity for Queen's Court Development Corporation and Queens South Nine Limited Partnership in the amount of \$5,752,882 and is eliminated in consolidation.

#### **Note 5 - Contingent liabilities**

##### **APAH Oakwood LLC**

APAH has entered into a Guaranty Agreement for the benefit of APAH Oakwood LLC. APAH has guaranteed the prompt payment and performance of all of the development costs and obligations as described in the Guaranty Agreement. No default has resulted from these guarantees.

APAH has guaranteed completion of the construction activities and guarantees that the project will be placed into service no later than October 31, 2023 as described in Exhibit D of the Deed of Lease. At December 31, 2021, the project was under construction.

##### **APAH Snowden Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the APAH Snowden Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, leasing, and mortgaging the 87-unit Snowden's Ridge. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH guarantees that if the Partnership requires funds to pay Project Expenses, it shall furnish to the Partnership the funds so required during or in respect of the period commencing on the Admission Date and ending on the third anniversary of the date of payment of the Sixth Installment occurs provided that the Partnership has achieved a Debt Service Coverage Ratio of at least 1.15 for the most recent fiscal year of the Partnership (the "Operating Deficit Obligation Period"); provided, however, that if the balance in the Working Capital Reserve at the end of the operating Deficit Obligation Period is less than the Minimum Working Capital Reserve Amount, the Operating Deficit Obligation Period shall be extended until such time as the Working Capital Reserve equals at least the Minimum Working Capital Reserve Amount. Amounts so furnished to fund Project Expenses incurred prior to the due date for payment of the Sixth Installment shall be deemed Special Capital Contributions; amounts so furnished incurred on or after the due date for payment of the Sixth Installment shall constitute Negative Cash Flow Loans. From and after the due date for payment of the Sixth Instalment, APAH shall not be obligated to make Negative Cash Flow Loans exceeding \$834,698 outstanding at any one time (the "Minimum Operating Deficit Obligation"). Upon expiration of the Operating Deficit Obligation Period and, to the extent any funds have been withdrawn from the Working Capital Reserve prior to such time, replenishment of the Working Capital Reserve up to at least the Minimum Working Capital Reserve Amount, the General Partner shall be automatically released from its obligation to fund Negative Cash Flow Loans. Any Negative

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

Cash Flow Loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

APAH has guaranteed completion of the Repairs as described on the Repair Schedule of Work, free and clear of liens in accordance with the scope of work and/or plans and specifications provided by Borrower and within the period required by and according to the terms and condition of the Continuing Covenant Agreement. Should the Borrower fail to perform these actions, the Guarantor, APAH, is obligated by the Continuing Covenant Agreement to construct the Repairs and complete construction, remove any lien arising from the construction, make payment in full to all laborers, subcontractors and materialmen, and pay all costs and expenses incurred with these actions and the expenses incurred by the Funding Lender in enforcing its rights.

#### **APAH Westover Apartments Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the APAH Westover Apartments Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, leasing, and mortgaging the 68-unit APAH Westover Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH guarantees that if the Partnership requires funds to pay Project Expenses, it shall furnish to the Partnership the funds so required during or in respect of the period commencing on the Admission Date and ending on the third anniversary of the date of payment of the Fourth Installment occurs provided that the Partnership has achieved a Debt Service Coverage Ratio of at least 1.15 for the most recent fiscal year of the Partnership (the "Operating Deficit Obligation Period"); provided, however, that if the balance in the Working Capital Reserve at the end of the operating Deficit Obligation Period is less than 50% of the Minimum Working Capital Reserve Amount, the Operating Deficit Obligation Period shall be extended until such time as the Working Capital Reserve equals at least 50% of the Minimum Working Capital Reserve Amount. Amounts so furnished to fund Project Expenses incurred prior to the due date for payment of the Fourth Installment shall be deemed Special Capital Contributions; amounts so furnished incurred on or after the due date for payment of the Fourth Installment shall constitute Negative Cash Flow Loans. From and after the due date for payment of the Fourth Installment, APAH shall not be obligated to make Negative Cash Flow Loans exceeding \$424,350 outstanding at any one time (the "Maximum Operating Deficit Obligation"). Upon expiration of the Operating Deficit Obligation Period and, to the extent any funds have been withdrawn from the Working Capital Reserve prior to such time, replenishment of the Working Capital Reserve up to at least 50% of the Minimum Working Capital Reserve Amount, the General Partner shall be automatically released from its obligation to fund Negative Cash Flow Loans. Any Negative Cash Flow Loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Ballston Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of Ballston Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, managing, and leasing a 144-unit Ballston Station apartment project. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Amended and Restated Agreement of Limited Partnership pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

APAH has guaranteed completion of the construction activities, including delivery of Ballston Station to the Central United Methodist Church and guarantees that the project will be placed into service no later than December 31, 2024. APAH guarantees payment of all development costs, as more fully described in the Amended and Restated Agreement of Limited Partnership. At December 31, 2021, the project was under construction.

APAH guarantees that if the Partnership requires funds to pay Project Expenses, it shall furnish to the Partnership the funds so required during or in respect of the period commencing on the Admission Date and ending on the third anniversary of the date of payment of the Fifth Installment occurs provided that the Partnership has achieved a Debt Service Coverage Ratio of at least 1.15 for the most recent fiscal year of the Partnership (the "Operating Deficit Obligation Period"); provided, however, that if the balance in the Working Capital Reserve at the end of the operating Deficit Obligation Period is less than 50% of the Minimum Working Capital Reserve Amount, the Operating Deficit Obligation Period shall be extended until such time as the Working Capital Reserve equals at least 50% of the Minimum Working Capital Reserve Amount. Amounts so furnished to fund Project Expenses incurred prior to the due date for payment of the Fourth Installment shall be deemed Special Capital Contributions; amounts so furnished incurred on or after the due date for payment of the Fifth Installment shall constitute Negative Cash Flow Loans. From and after the due date for payment of the Fourth Installment, APAH shall not be obligated to make Negative Cash Flow Loans exceeding \$984,528 outstanding at any one time (the "Maximum Operating Deficit Obligation"). Upon expiration of the Operating Deficit Obligation Period and, to the extent any funds have been withdrawn from the Working Capital Reserve prior to such time, replenishment of the Working Capital Reserve up to at least 50% of the Minimum Working Capital Reserve Amount, the General Partner shall be automatically released from its obligation to fund Negative Cash Flow Loans. Any Negative Cash Flow Loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Columbia Hills East Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Columbia Hills East Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, leasing, and mortgaging the 97-unit Columbia Hills East Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

Upon the later of the Operating Deficit Loan Commencement Date or the project achieving a debt service ratio of at least 1.15 over the preceding six consecutive calendar months, for a period of 36 months thereafter, APAH shall be obligated to pay all operating deficits of the project limited to an amount not to exceed \$598,416. Any operating deficit loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Columbia Hills West Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Columbia Hills West Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, leasing, and mortgaging the 132-unit Columbia Hills West Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

Upon the later of the Operating Deficit Loan Commencement Date or the project achieving a debt service ratio of at least 1.15 over the preceding six consecutive calendar months, for a period of 36 months thereafter, APAH shall be obligated to pay all operating deficits of the project limited to an amount not to exceed \$834,284. Any operating deficit loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Courthouse Crossings Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Courthouse Crossings Limited Partnership, which received tax credit equity financing for the purpose of the acquisition and rehabilitation of the 112-unit Courthouse Crossings Apartments. APAH has made credit delivery guarantees related to the low-income housing tax credits only with a maximum liability of \$2,850,000. No payments have been required as a result of this guarantee.

#### **Gilliam Place East Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Gilliam Place East Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, leasing, and mortgaging the 83-unit Gilliam Place East Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

Upon the later of the Operating Deficit Loan Commencement Date or the project achieving a debt service ratio of at least 1.15 over the preceding six consecutive calendar months, for a period of 36 months thereafter, the General Partner shall be obligated to pay all operating deficits of the project limited to an amount not to exceed \$580,420. Any operating deficit loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

On June 22, 2017, APAH entered into a Guaranty of Lease agreement with Gilliam Place East Limited Partnership, whereby APAH guarantees full, complete, and timely base rent payments due to Gilliam Place East Limited Partnership as described in the Commercial Master Lease Agreement (see Note 7).

#### **Gilliam Place West Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Gilliam Place West Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, leasing, and mortgaging the 90-unit Gilliam Place West Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

Upon the later of the Operating Deficit Loan Commencement Date or the project achieving a debt service ratio of at least 1.15 over the preceding six consecutive calendar months, for a period of 36 months thereafter, the General Partner shall be obligated to pay all operating deficits of the project limited to an amount not to exceed \$518,990. Any operating deficit loans shall be noninterest-

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Mt. Sterling Senior 4% Owner LLC**

APAH and its co-manager in Mt. Sterling Senior 4% Manager LLC have jointly entered into a Guaranty Agreement for the benefit of Mt. Sterling Senior 4% Owner LLC, which received tax credit equity financing for the purpose of developing, constructing, maintaining, and operating the 50-unit Loudoun View East Apartments. APAH and its co-manager in Mt. Sterling Senior 4% Manager LLC jointly and severally guarantee the prompt payment and performance of all of the obligations of the Managing Member to the company under the Amended and Restated Operating Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH and its co-manager in Mt. Sterling Senior 4% Manager LLC have guaranteed completion of the construction activities and guarantees that the project will be placed into service no later than December 31, 2023. APAH and its co-manager in Mt. Sterling Senior 4% Manager LLC guarantee payment of all development costs, as more fully described in the Amended and Restated Operating Agreement. At December 31, 2021, the project was under construction.

APAH guarantees that if the Managing Member requires funds to pay Project Expenses, it shall furnish to the Managing Member the funds so required during or in respect of the period commencing on the Admission Date and ending on the third anniversary of the date of payment of the Fourth Installment occurs provided that the Managing Member has achieved a Debt Service Coverage Ratio of at least 1.15 for the most recent fiscal year of the Partnership (the "Operating Deficit Obligation Period"); provided, however, that if the balance in the Working Capital Reserve at the end of the operating Deficit Obligation Period is less than the Minimum Working Capital Reserve Amount, the Operating Deficit Obligation Period shall be extended until such time as the Working Capital Reserve equals at least the Minimum Working Capital Reserve Amount. Amounts so furnished to fund Project Expenses incurred prior to the due date for payment of the Fourth Installment shall be deemed Special Capital Contributions; amounts so furnished incurred on or after the due date for payment of the Fourth Installment shall constitute Negative Cash Flow Loans. From and after the due date for payment of the Fourth Instalment, APAH shall not be obligated to make Negative Cash Flow Loans exceeding \$339,076 outstanding at any one time (the "Minimum Operating Deficit Obligation"). Upon expiration of the Operating Deficit Obligation Period and, to the extent any funds have been withdrawn from the Working Capital Reserve prior to such time, replenishment of the Working Capital Reserve up to at least the Minimum Working Capital Reserve Amount, the Managing Member shall be automatically released from its obligation to fund Negative Cash Flow Loans. Any Negative Cash Flow Loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Mt. Sterling Senior 9% Owner LLC**

APAH and its co-manager in Mt. Sterling Senior 9% Manager LLC have jointly entered into a Guaranty Agreement for the benefit of Mt. Sterling Senior 9% Owner LLC, which received tax credit equity financing for the purpose of developing, constructing, maintaining, and operating the 48-unit Loudoun View West Apartments. APAH and its co-manager in Mt. Sterling Senior 9% Manager LLC jointly and severally guarantee the prompt payment and performance of all of the obligations of the Managing Member to the company under the Amended and Restated Operating Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

APAH and its co-manager in Mt. Sterling Senior 9% Manager LLC have guaranteed completion of the construction activities and guarantees that the project will be placed into service no later than December 31, 2023. APAH and its co-manager in Mt. Sterling Senior 9% Manager LLC guarantee payment of all development costs, as more fully described in the Amended and Restated Operating Agreement. At December 31, 2021, the project was under construction.

APAH guarantees that if the Managing Member requires funds to pay Project Expenses, it shall furnish to the Managing Member the funds so required during or in respect of the period commencing on the Admission Date and ending on the third anniversary of the date of payment of the Fourth Installment occurs provided that the Managing Member has achieved a Debt Service Coverage Ratio of at least 1.15 for the most recent fiscal year of the Partnership (the "Operating Deficit Obligation Period"); provided, however, that if the balance in the Working Capital Reserve at the end of the operating Deficit Obligation Period is less than the Minimum Working Capital Reserve Amount, the Operating Deficit Obligation Period shall be extended until such time as the Working Capital Reserve equals at least the Minimum Working Capital Reserve Amount. Amounts so furnished to fund Project Expenses incurred prior to the due date for payment of the Fourth Installment shall be deemed Special Capital Contributions; amounts so furnished incurred on or after the due date for payment of the Fourth Installment shall constitute Negative Cash Flow Loans. From and after the due date for payment of the Fourth Instalment, APAH shall not be obligated to make Negative Cash Flow Loans exceeding \$278,595 outstanding at any one time (the "Minimum Operating Deficit Obligation"). Upon expiration of the Operating Deficit Obligation Period and, to the extent any funds have been withdrawn from the Working Capital Reserve prior to such time, replenishment of the Working Capital Reserve up to at least the Minimum Working Capital Reserve Amount, the Managing Member shall be automatically released from its obligation to fund Negative Cash Flow Loans. Any Negative Cash Flow Loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Oakwood North Four Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Oakwood North Four Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, managing, and leasing the 79 units in the North Unit in the Oakwood Land Condominium. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH has guaranteed completion of the construction activities, including delivery of the North Unit in the Oakwood Land Condominium, as defined, and guarantees that the project will be placed into service no later than December 31, 2023. APAH guarantees payment of all development costs, as more fully described in the Amended and Restated Agreement of Limited Partnership. At December 31, 2021, the project was under construction.

During the period commencing on the Admission Date, as defined, and ending on the third anniversary of the later of occur of (A) the Development Obligation Date or (B) achievement of 115% Debt Service Coverage Ratio for a period of six consecutive calendar months commencing after Final Closing, provided and on the condition that, at such time, the Operating Reserve has been replenished to its originally Investor Limited Partner required funded amount of \$552,213 (the "Operating Deficit Guaranty Period"), the General Partner agrees that if the Partnership requires funds to discharge Operating Expenses, as defined, to the extent funds are not available in the

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

Operating Reserve or Lease-Up Reserve, the General Partner shall furnish to the Partnership the funds required. Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partner shall not be obligated to make Operating Expense Loans to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed \$555,116. As of December 31, 2021, no contributions or loans have been made under this guaranty.

APAH entered into a Guaranty with Fairfax County Redevelopment and Housing Authority ("FCRHA"). Under the terms of this Guaranty, APAH guarantees the full and prompt payment when due of the Bond Loan on the property under the Guaranteed Obligations, as defined.

#### **Oakwood South Nine Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Oakwood South Nine Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, managing, and leasing the 71 units in the South Unit in the Oakwood Land Condominium. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH has guaranteed completion of the construction activities, including delivery of the South Unit in the Oakwood Land Condominium, as defined, and guarantees that the project will be placed into service no later than December 31, 2023. APAH guarantees payment of all development costs, as more fully described in the Amended and Restated Agreement of Limited Partnership. At December 31, 2021, the project was under construction.

During the period commencing on the Admission Date, as defined, and ending on the third anniversary of the later of occur of (A) the Development Obligation Date or (B) achievement of 115% Debt Service Coverage Ratio for a period of six consecutive calendar months commencing after Final Closing, provided and on the condition that, at such time, the Operating Reserve has been replenished to its originally Investor Limited Partner required funded amount of \$452,512 (the "Operating Deficit Guaranty Period"), the General Partner agrees that if the Partnership requires funds to discharge Operating Expenses, as defined, to the extent funds are not available in the Operating Reserve or Lease-Up Reserve, the General Partner shall furnish to the Partnership the funds required. Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partner shall not be obligated to make Operating Expense Loans to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed \$452,269. As of December 31, 2021, no contributions or loans have been made under this guaranty.

#### **Post East Four Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Post East Four Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, managing, and leasing the 80-unit Terwilliger Place East Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further

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### **Notes to Consolidated Financial Statements December 31, 2021**

described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

Upon the project achieving a debt service ratio of at least 1.2 for a period of two consecutive years, commencing on or after the first anniversary of Stabilized Occupancy, the General Partner shall be obligated, after the reduction of the Operating Reserve to zero, to provide funds as needed in an aggregate amount up to \$594,955, for operating deficits occurring during the Operating Deficit Guaranty Period. Any operating expense loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Post West Nine Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Post West Nine Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, operating, managing, and leasing the 80-unit Terwilliger Place West Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

Upon the project achieving a debt service ratio of at least 1.2 for a period of two consecutive years, commencing on or after the first anniversary of Stabilized Occupancy, the General Partner shall be obligated, after the reduction of the Operating Reserve to zero, to pay all operating deficits of the project limited to an amount not to exceed \$519,794. Any operating expense loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Queens North Four Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Queens North Four Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing, maintaining, and operating the 159-unit Queens Court North. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH guaranteed completion of the construction activities and guaranteed that the project was placed into service no later than December 31, 2021. APAH guaranteed payment of all development costs, as more fully described in the Amended and Restated Partnership Agreement. During 2021, the project was placed in service, construction was substantially completed, and no costs were funded under this guaranty.

Upon the later of the Development Obligation Date or the project achieving a debt service ratio of at least 1.15 for a period of six consecutive calendar months, commencing after final closing, the General Partner shall be obligated to pay all operating deficits of the project limited to an amount not to exceed \$1,128,000. Any operating expense loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **Queens South Nine Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of the Queens South Nine Limited Partnership, which received tax credit equity financing for the purpose of developing, constructing,

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

maintaining, and operating the 90-unit Queens Court South. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement. No payments have been required as a result of these guarantees.

APAH guaranteed completion of the construction activities and guaranteed that the project was placed into service no later than December 31, 2021. APAH guaranteed payment of all development costs, as more fully described in the Amended and Restated Partnership Agreement. During 2021, the project was placed in service, construction was substantially completed, and no costs were funded under this guaranty.

Upon the later of the Development Obligation Date or the project achieving a debt service ratio of at least 1.15 for a period of six consecutive calendar months, commencing after final closing, the General Partner shall be obligated to pay all operating deficits of the project limited to an amount not to exceed \$636,000. Any operating expense loans shall be noninterest-bearing and repaid in accordance with the Partnership Agreement. As of December 31, 2021, no loans have been made under this guaranty.

#### **The Springs Apartments Limited Partnership**

APAH has entered into a Guaranty Agreement for the benefit of The Springs Apartments Limited Partnership, which received tax credit equity financing for the purpose of the acquisition and rehabilitation of the 104-unit Springs Apartments. APAH jointly and severally guarantees the prompt payment and performance of all of the obligations of the General Partner to the partnership under the Partnership Agreement pursuant to terms further described in the Guaranty Agreement.

#### **Note 6 - Related party transactions**

On May 31, 2006, Courthouse Crossings Limited Partnership entered into a deed of trust note with APAH in the amount of \$2,600,000. The note bears interest at a rate of 5% compounded annually. The note is secured by a third deed of trust on the rental property. Payments of principal and interest are due from net cash flow, as defined in the partnership agreement. The entire unpaid principal and interest balance is due on May 31, 2047. During 2021, accrued interest payments totaling \$381,496 were made from surplus cash. During 2021, interest charged to operations on the note was \$153,936, which was eliminated in these consolidated financial statements. The outstanding principal and accrued interest on the note at December 31, 2021, which was eliminated in these consolidated financial statements, was \$2,600,000 and \$251,167, respectively.

During 2010, Calvert Manor Limited Partnership entered into a promissory note with APAH in the amount of \$78,584. The note bears interest at a rate of 3.88% per annum, compounded annually. Payments of principal and interest shall be deferred until the note matures on December 31, 2027. During 2021, interest charged to operations on the note was \$3,469, which was eliminated in these consolidated financial statements. The outstanding principal and accrued interest on the note at December 31, 2021, which was eliminated in these consolidated financial statements, was \$58,584 and \$14,282, respectively.

On June 2, 2016, Columbia Hills East Limited Partnership entered into a loan agreement with APAH in the amount of \$289,741. The note bears interest at 2.24% per annum, compounding annually. Interest shall accrue on the outstanding balance beginning June 2, 2018. The note matures on June 2, 2049, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, payments on outstanding principal and accrued interest totaling \$93,910 and \$2,123, respectively, were made from 2020 surplus cash. During 2021,

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### Notes to Consolidated Financial Statements December 31, 2021

interest charged to operations amounted to \$3,339, which was eliminated in these consolidated financial statements. The outstanding principal and accrued interest on the note at December 31, 2021, which was eliminated in these consolidated financial statements, was \$104,876 and \$1,216, respectively.

On June 2, 2016, APAH entered into an Affordable Housing Program Agreement whereby the Federal Home Loan Bank of Atlanta provided a loan in the original amount of \$500,000. APAH and Columbia Hills East Limited Partnership have executed a promissory note on June 2, 2016, to disburse the proceeds to be received from the Federal Home Loan Bank of Atlanta to be used to fund hard construction costs related to the project. The note is noninterest-bearing and shall be deemed satisfied upon the expiration of 15 years of operation of the project as more fully defined in the AHP Regulations and Recapture Agreement. At December 31, 2021, the outstanding principal balance amounted to \$500,000 and is eliminated in consolidation.

On June 2, 2016, Columbia Hills West Limited Partnership entered into a loan agreement with APAH in the amount of \$10,046,401. The note bears interest at 1.0%, compounding annually. Interest shall accrue on the outstanding balance beginning June 2, 2018. The note matures on June 2, 2049, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, interest incurred amounted to \$102,609, of which \$66,801 was charged to operations and eliminated in these consolidated financial statements, and \$35,808 was recorded as a component of General Partner Equity and eliminated in these consolidated financial statements. The outstanding principal and accrued interest on the note at December 31, 2021, which was eliminated in these consolidated financial statements, amounted to \$10,046,401 and \$345,255, respectively.

During a prior year, APAH advanced funds to Columbia Grove Development Corporation in the amount of \$1,749,174. The advances are noninterest-bearing and due on demand. The outstanding advances at December 31, 2021 totaled \$1,749,174, which was eliminated in these consolidated financial statements.

On June 22, 2017, Gilliam Place East Limited Partnership entered into two loan agreements with APAH in the amounts of \$1,120,380 and \$500,000. The notes bear interest at 8.0%, compounding annually. Interest shall accrue on the outstanding balances beginning November 22, 2019. Beginning in 2020, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Partnership Agreement. The notes mature on June 22, 2052, at which time the entire unpaid balances of the notes and accrued interest thereon shall be due in full. During 2021, interest incurred on the \$1,120,380 and \$500,000 loans amounted to \$92,872 and \$45,140, respectively, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balances on the \$1,120,380 and \$500,000 loans were \$1,120,380 and \$500,000, respectively, and accrued interest balances were \$136,578 and \$110,941, respectively, and were eliminated in these consolidated financial statements.

On June 22, 2017, Gilliam Place West Limited Partnership entered into a loan agreement with APAH in the amount of \$1,674,007. The note bears interest at 1.0%, compounding annually. Interest shall accrue on the outstanding balance beginning November 22, 2019. Beginning in 2020, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on June 22, 2050, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, interest incurred amounted to \$16,850,

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which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$1,674,007 and \$32,475, respectively, and was eliminated in these consolidated financial statements.

On December 19, 2017, APAH Westover Apartments Limited Partnership entered into a sponsor loan agreement with APAH in the amount of \$1,007,600. The note bears interest at 2.6%, compounding annually. Commencing May 1, 2020, principal and interest is due and payable annually from distributions of available net cash flow in order of priority in accordance with the Partnership Agreement. The note matures on December 19, 2050, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, interest of \$26,900 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$1,007,600 and \$56,749, respectively, and was eliminated in these consolidated financial statements.

On April 9, 2019, Queens North Four Limited Partnership entered into a loan agreement with APAH in the amount of \$15,555,000. The note bears interest at 3.5%, compounding annually. Interest shall accrue on the outstanding balance beginning October 9, 2021. Beginning in 2021, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on April 9, 2057, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, proceeds totaling \$7,103,411 were received. During 2021, interest incurred amounted to \$67,142, of which \$55,785 was charged to operations and eliminated in these consolidated financial statements, and \$11,357 was recorded as a component of General Partner Equity and eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$13,880,055 and \$67,142, respectively, and was eliminated in these consolidated financial statements.

On April 9, 2019, Queens South Nine Limited Partnership entered into a loan agreement with APAH in the amount of \$385,000. The note bears interest at 3.5%, compounding annually. Interest shall accrue on the outstanding balance beginning October 9, 2021. Beginning in 2021, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on April 9, 2057, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, interest of \$3,027 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$385,000 and \$3,027, respectively, and was eliminated in these consolidated financial statements.

On April 9, 2019, APAH entered into an Affordable Housing Program Agreement whereby the Federal Home Loan Bank of Atlanta provided a loan in the original amount of \$500,000. APAH and Queens South Nine Limited Partnership have executed a promissory note on April 9, 2019, to disburse the proceeds to be received from the Federal Home Loan Bank of Atlanta to be used to fund hard construction costs related to the project. The note bears interest at 1.25%, compounding annually. Interest shall accrue on the outstanding balance beginning April 9, 2019. Beginning in 2037, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on April 9, 2057, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, proceeds totaling \$500,000 were received. During 2021, interest of \$6,296 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued

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interest was \$500,000 and \$11,382, respectively, and was eliminated in these consolidated financial statements.

On May 7, 2020, Post East Four Limited Partnership entered into a loan agreement with APAH in the amount of \$1,689,490. The note bears interest at 2.5% compounding annually. Interest shall accrue on the outstanding balance beginning May 7, 2020. Beginning with the cash flows attributable to 2022, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on May 7, 2058, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, interest of \$42,808 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$1,689,490 and \$70,349, respectively, and was eliminated in these consolidated financial statements.

On May 7, 2020, Post East Four Limited Partnership entered into a loan agreement with APAH in the amount of \$1,800,000. The note bears interest at 1.0% compounding annually. Interest shall accrue on the outstanding balance beginning May 7, 2020. Beginning with the cash flows attributable to 2022, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on May 7, 2058, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, proceeds totaling \$9,474 were received. During 2021, interest of \$3,616 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$369,880 and \$5,829, respectively, and was eliminated in these consolidated financial statements.

On May 7, 2020, Post West Nine Limited Partnership entered into a loan agreement with APAH in the amount of \$2,425,000. The note bears interest at 7.0% compounding annually. Interest shall accrue on the outstanding balance beginning May 7, 2020. Beginning with the cash flows attributable to 2022, principal and interest shall be due and payable annually from distributions of available net cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on May 7, 2058, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, interest of \$177,012 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$2,425,000 and \$287,698, respectively, and was eliminated in these consolidated financial statements.

On November 20, 2020, Mt. Sterling Senior 4% Owner LLC entered into a loan agreement with APAH in the amount of \$450,000. The note bears interest at 0.0% annually. Interest shall accrue on the outstanding balance beginning November 20, 2020. Payments of interest-only will be made annually from and to the extent of cash flow of Borrower in order of priority in accordance with the Amended and Restated Operating Agreement. The note matures on November 20, 2058, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, proceeds totaling \$11,261 were received. As of December 31, 2021, the outstanding principal balance was \$333,684.

On October 13, 2021, Oakwood North Four Limited Partnership entered into a loan agreement with APAH in the amount of \$3,610,000. The note bears interest at 3.0% annually. Interest shall accrue on the outstanding balance beginning October 13, 2021. Beginning with the cash flows attributable to 2023, principal and interest shall be due and payable annually from distributions of available net

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cash flow in order of priority in accordance with the Amended and Restated Limited Partnership Agreement. The note matures on October 13, 2059, at which time the entire unpaid balance of the note and accrued interest thereon shall be due in full. During 2021, proceeds totaling \$2,610,000 were received. During 2021, interest of \$16,947 was incurred, which was eliminated in these consolidated financial statements. As of December 31, 2021, the outstanding principal balance and accrued interest was \$2,610,000 and \$16,947, respectively, and was eliminated in these consolidated financial statements.

On October 13, 2021, APAH Oakwood LLC entered into a promissory note with APAH in the amount of \$250,000. No interest shall accrue under this note. The note matures on October 13, 2023, at which time the entire unpaid balance of the note shall be due in full. During 2021, proceeds totaling \$250,000 were received. As of December 31, 2021, the outstanding principal balance was \$250,000 and was eliminated in these consolidated financial statements.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with developing Rosslyn Ridge Apartments Limited Partnership. The agreement calls for aggregate fees to APAH of \$7,295,000. The full development fee of \$7,295,000 was capitalized into the rental property as of December 31, 2008. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements.

Pursuant to a Development Fee Agreement, APAH shall earn a development fee in connection with the development of The Springs Apartments Limited Partnership. The agreement calls for aggregate fees to APAH of \$3,250,550. The full development fee was capitalized into the rental property in a prior year. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Columbia Hills West Limited Partnership. The agreement calls for aggregate fees to APAH of \$4,085,676. The full development fee was incurred and capitalized into the rental property in a prior year. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Gilliam Place West Limited Partnership. The agreement calls for aggregate fees to APAH of \$3,173,106. The full development fee was incurred and capitalized into the rental property in a prior year. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of APAH Westover Apartments Limited Partnership. The agreement calls for aggregate fees to APAH of \$3,200,000. The development fee was voluntarily reduced to \$2,910,000 due to development cost overruns. The full development fee was incurred and capitalized into the rental property in a prior year. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Queens North Four Limited Partnership. The agreement calls for aggregate fees to APAH of \$4,000,000. As of December 31, 2021, the full development fee was incurred and

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### **Notes to Consolidated Financial Statements December 31, 2021**

capitalized into the rental property. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements while development fees payable from investor capital contributions of \$1,179,854 are included in development fee payable at December 31, 2021.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Queens South Nine Limited Partnership. The agreement calls for aggregate fees to APAH of \$3,000,000. As of December 31, 2021, the full development fee was incurred and capitalized into the rental property. The fee is payable from capital contributions and cash flow. Development fees payable from investor capital contributions of \$1,650,000 are included in development fee payable at December 31, 2021.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Post East Four Limited Partnership. The agreement calls for aggregate fees to APAH of \$2,800,000. As of December 31, 2021, \$2,369,016 has been capitalized into the rental property. The fee is payable from capital contributions and cash flow. Development fees payable from cash flow of the project are eliminated in these consolidated financial statements while development fees payable from investor capital contributions of \$1,670,502 are included in development fee payable at December 31, 2021.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Post West Nine Limited Partnership. The agreement calls for aggregate fees to APAH of \$3,200,000. As of December 31, 2021, \$2,712,490 has been capitalized into the rental property. The fee is payable from capital contributions and cash flow. Development fees payable from investor capital contributions of \$2,086,709 are included in development fee payable at December 31, 2021.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of APAH Snowden Limited Partnership. The agreement calls for aggregate fees to APAH of \$3,388,925. As of December 31, 2021, \$3,214,035 has been capitalized into the rental property. The fee is payable from capital contributions and cash flow. Development fees payable from investor capital contributions of \$2,427,673 are included in development fee payable at December 31, 2021.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Mt. Sterling Senior 4% Owner LLC. The fee is divided between APAH and the co-member, an unrelated party, in accordance with the Development Services Agreement. The agreement calls for total aggregate fees of \$1,550,000 and aggregate fees to APAH of \$737,500. The fee is payable from capital contributions and cash flow.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Mt. Sterling Senior 9% Owner LLC. The fee is divided between APAH and the co-member, an unrelated party, in accordance with the Development Services Agreement. The agreement calls for total aggregate fees of \$1,450,000 and aggregate fees to APAH of \$912,500. The fee is payable from capital contributions and cash flow.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Ballston Limited Partnership. The agreement calls for aggregate fees to APAH of \$4,000,000. As of December 31, 2021, \$86,864 has been capitalized into the rental property. There are no development fees payable at December 31, 2021. The fee is payable from capital contributions and cash flow.

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Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Oakwood North Four Limited Partnership. The agreement calls for aggregate fees to APAH of \$2,050,000. As of December 31, 2021, \$245,345 has been capitalized into the rental property. There are no development fees payable at December 31, 2021. The fee is payable from capital contributions and cash flow.

Pursuant to a Development Services Agreement, APAH shall earn a development fee in connection with the development of Oakwood South Nine Limited Partnership. The agreement calls for aggregate fees to APAH of \$2,000,000. As of December 31, 2021, \$219,837 has been capitalized into the rental property. There are no development fees payable at December 31, 2021. The fee is payable from capital contributions and cash flow.

Development fees incurred as of and for the year ended December 31, 2021 are as follows:

Entity	Development fee income	Development fee receivable	Deferred development fee
Columbia Hills West Limited Partnership	\$ 20,261	\$ 2,051,965	\$ -
Rosslyn Ridge Apartments Limited Partnership	-	3,277,321	3,277,321
The Springs Apartments Limited Partnership	283,481	266,502	261,460
Gilliam Place West Limited Partnership	-	1,006,793	-
APAH Westover Apartments Limited Partnership	-	310,000	-
Queens South Nine Limited Partnership	51,648	1,350,000	-
Queens North Four Limited Partnership	79,854	2,300,000	-
Post East Four Limited Partnership	1,108,629	1,707,360	-
Post West Nine Limited Partnership	1,363,890	1,910,796	-
APAH Snowden Limited Partnership	2,111,034	2,146,852	-
Mt. Sterling Senior 4% Owner LLC	331,030	359,102	-
Mt. Sterling Senior 9% Owner LLC	409,755	436,005	-
Ballston Limited Partnership	1,056,461	462,711	-
Oakwood North Four Limited Partnership	302,381	57,036	-
Oakwood South Nine Limited Partnership	282,190	62,353	-
Total	7,400,614	17,704,796	3,538,781
Eliminations	(469,756)	(8,598,741)	(3,538,781)
Consolidated balance	\$ 6,930,858	\$ 9,106,055	\$ -

On June 22, 2017, Gilliam Place East Limited Partnership (the "Tenant") entered into a ground lease with Gilliam Place, LLC (the "Landlord"). Pursuant to the terms of the agreement, rent under the ground lease shall be \$197,554, per annum, payable from twenty-two percent (22%) of the Tenant's available cash flow, in accordance with the Partnership Agreement. Beginning on June 22, 2017, interest shall accrue on all unpaid amounts at a rate of 2.68%, compounded annually. The term of the ground lease is seventy-five years. In a prior year, the Tenant made a capitalized ground lease payment to the Landlord totaling \$500,000 which is amortized over the term of the lease using the straight-line method and is eliminated in consolidation. During the year ended December 31, 2021, base rent and interest totaling \$197,554 and \$15,204, respectively, was incurred. During 2021, accrued base rent and accrued interest on the ground lease totaling \$62,150

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and \$29,395, respectively, was paid from 2020 surplus cash. At December 31, 2021, ground lease rent of \$735,466, which includes accrued interest of \$7,400, is payable from the Tenant to the Landlord. Amounts recorded on this agreement are eliminated in consolidation.

On June 22, 2017, Gilliam Place West Limited Partnership (the "Tenant") entered into a ground lease with Gilliam Place, LLC (the "Landlord"). Pursuant to the terms of the agreement, rent under the ground lease shall be \$216,000, per annum, payable from twenty-two percent (22%) of the Tenant's available cash flow. Beginning on June 22, 2017, interest shall accrue on all unpaid amounts at a rate of 2.68%, compounded annually. The term of the ground lease is seventy-five years. During the year ended December 31, 2021, base rent and interest totaling \$216,000 and \$17,950, respectively, was incurred. At December 31, 2021, ground lease rent of \$905,559, which includes accrued interest of \$41,559, is payable from the Tenant to the Landlord. Amounts recorded on this agreement are eliminated in consolidation.

On December 19, 2017, APAH Westover Apartments Limited Partnership (the "Tenant") entered into a ground lease with APAH Westover, LLC (the "Landlord"). Pursuant to the terms of the agreement, rent under the ground lease shall be \$162,000, per annum, payable from forty-five percent (45%) of annual residual receipts, as defined in the AHIF loan agreement. If there is insufficient cash flows, unpaid rent shall be accrued at an interest rate of 3.25%, compounded annually. The term of the ground lease is seventy-five years. During the year ended December 31, 2021, base rent and interest totaling \$162,000 and \$15,951, respectively, was incurred. During 2021, base rent and accrued interest totaling \$183 and \$23,683, respectively, was paid from 2020 surplus cash. At December 31, 2021, ground lease rent of \$656,037, which includes accrued interest of \$8,220, is payable from the Tenant to the Landlord. Amounts recorded on this agreement are eliminated in consolidation.

On October 13, 2021, Oakwood North Four Limited Partnership (the "Tenant") entered into a sublease agreement with APAH Oakwood LLC (the "Landlord"). Pursuant to the terms of the agreement, rent under the ground lease shall be \$90,000, per annum, payable from fifty percent (50%) of the Tenant's available cash flow, in accordance with the Amended and Restated Agreement of Limited Partnership. Beginning on October 13, 2021, interest shall accrue on all unpaid amounts at a rate of 3%, compounded annually. The term of the ground lease is seventy-five years. During the year ended December 31, 2021, base rent and interest totaling \$19,479 and \$126, respectively, was incurred. At December 31, 2021, ground lease rent of \$19,605, which includes accrued interest of \$126, is payable from the Tenant to the Landlord. Amounts recorded on this agreement are eliminated in consolidation.

On October 13, 2021, Oakwood South Nine Limited Partnership (the "Tenant") entered into a sublease agreement with APAH Oakwood LLC (the "Landlord"). Pursuant to the terms of the agreement, rent under the ground lease shall be \$60,000, per annum, payable from fifty percent (50%) of the Tenant's available cash flow, in accordance with the Amended and Restated Agreement of Limited Partnership. Beginning on October 13, 2021, interest shall accrue on all unpaid amounts at a rate of 8%, compounded annually. The term of the ground lease is seventy-five years. In addition to Base Rent, Tenant shall pay to Landlord a capitalized lease payment in the amount of \$2,610,000. During the year ended December 31, 2021, the Tenant made a capitalized ground lease payment to the Landlord totaling \$2,610,000, which is amortized over the term of the lease using the straight-line method and is eliminated in consolidation. During the year ended December 31, 2021, base rent and interest totaling \$12,986 and \$225, respectively, was incurred. At December 31, 2021, ground lease rent of \$13,211, which includes accrued interest of \$225, is

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

payable from the Tenant to the Landlord. Amounts recorded on this agreement are eliminated in consolidation.

#### **Note 7 - Commercial lease**

On June 22, 2017, Gilliam Place East Limited Partnership ("Landlord") entered into a Commercial Master Lease Agreement with Gilliam Retail, LLC ("Tenant"). The Landlord leases to the Tenant 8,982 rentable square feet of commercial space. The term of the lease commences on the date of receipt of a temporary certificate of occupancy and continues for a period of fifteen (15) years. The Tenant has the right to renew the lease for up to six, five-year option periods. The Tenant will pay the Landlord base rent amounting to \$56,138 per year which escalates 2% per annum. During the year ended December 31, 2021, retail income totaled \$58,503, and was eliminated in consolidation.

#### **Note 8 - Concentration of credit risk**

APAH maintains its cash balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, APAH 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.

#### **Note 9 - Asset management fee income**

APAH receives asset management fees, financial oversight fees and incentive management fees from certain of the subsidiary entities which are eliminated in these consolidating financial statements.

#### **Note 10 - Supervised Residential Program Agreements**

As part of the Cameron Commons Limited Liability Company Agreement dated June 30, 2009, \$25,000 of the initial contribution by Doorways Cameron LLC is required to be deposited into a tenant reserve account. The funds are to be used to subsidize the rents payable by tenants renting initial Doorways Units, as defined in the agreement. In the event of default under the agreement, Doorways may lose the right to refer residents to the property and to designate units for Doorways. The reserve balance at December 31, 2021 is \$2,732 and is included in restricted cash and cash equivalents.

#### **Note 11 - Restricted cash**

A tenant reserve in the amount of \$2,732 is maintained by Cameron Commons, LLC for the purpose outlined in the agreement (see Note 10).

In connection with the APAH Line of Credit, APAH, the guarantor, shall maintain a minimum operating account of at least \$1,000,000 with the lender to be measured quarterly and continuing for the duration of the loan. As of December 31, 2021, the amount maintained in this account was \$1,000,008.

In conjunction with the Mt. Sterling Senior 4% Owner LLC project, APAH secured cash collateral totaling \$489,281 as of December 31, 2021. The cash collateral will be released upon completion of the construction project and conversion to permanent financing.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

#### Note 12 - Retirement plan

Beginning on the first day of employment, employees of APAH may elect to contribute to a 401(k) retirement account. Employees are automatically vested in their own contributions. APAH will match dollar for dollar up to 3% of each employee's salary. Then, APAH will match 50 cents for every dollar up to 5% of each employee's salary. Retirement plan expense for the year ended December 31, 2021 was \$120,412 and is included in salaries expense.

#### Note 13 - Income taxes - contingency

Deferred income taxes reflect the net tax effects of (i) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (ii) operating and capital losses. Significant components of the deferred tax assets as of December 31, 2021 are:

Net operating loss carryforward	\$ 593,896
Valuation allowance	<u>(593,896)</u>
Net deferred tax asset	<u><u>\$ -</u></u>

During 2003, APAH acquired the stock interests of Columbia Grove, Inc. The acquisition resulted in an initial carrying amount of fixed assets for financial reporting purposes of \$17,427,684 and an initial carrying amount of fixed assets for income tax purposes of \$3,362,428. At December 31, 2007, the carrying amount of the fixed assets for financial reporting purposes and income tax purposes is \$17,021,038 and \$2,943,364, respectively. The tax which would be due on the difference in the carrying amount is \$3,800,972. On October 30, 2008, Columbia Grove Inc. contributed Columbia Grove Apartments to Columbia Grove LP. The contribution of Columbia Grove Apartments to the Limited Partnership did not trigger the income tax payment. A sale of Columbia Grove Apartments out of Columbia Grove Apartments Limited Partnership would trigger the income tax. APAH's intent is to continue to own Columbia Grove Apartments in a manner which will not trigger the payment of the income tax.

As of December 31, 2021, Columbia Grove, Inc. had net operating loss carryforwards of approximately \$829,047 for income tax purposes. Operating loss carryforwards (carrybacks) of \$499,639, \$122,587, \$46,156, \$32,512, \$110,052, \$15,120, \$48, \$48, \$1,244, \$830 and \$811 expire in 2023, 2024, 2027, 2028, 2029, 2031, 2032, 2033, 2034, 2035 and 2036, respectively.

In a prior year, APAH had no assurance that future taxable income would be sufficient to fully utilize the net operating loss carryforwards in the future. Consequently, APAH determined that a valuation allowance of \$593,896 was necessary at December 31, 2021.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021**

**Note 14 - Net assets with donor restrictions**

APAH received the following grants which are included in net assets with donor restrictions at December 31, 2021 for either time restrictions or restrictions related to specific program services:

Grantor	Restriction	2021
Home Depot	Terwilliger Place	\$ 400,000
Arlington County Foundation	Rental subsidy grant	27,633
Tim and Diane Naughton	Next Generation	250,000
AvalonBay Communities	Next Generation	250,000
Washington Forrest Foundation	Resident services	25,000
Arlington County - AHIF	Tech prosperity	11,396
Arlington County - AHIF	Resident services	1,175
Various	Resident services	115,763
Enterprise	Senior Services	35,000
Various	Holiday gift drive	2,624
Various	Community leaders crisis funding	5,000
Various	Veterans services	33,500
Amazon - Arlington Community Foundation	Terwilliger Place	1,000,000
Terwilliger Family Foundation	Terwilliger Place	1,500,000
Various	Terwilliger Place	289,490
Various	Resident emergency fund	165,527
		<u>\$ 4,112,108</u>

**Note 15 - Commitments**

On December 8, 2020, APAH Snowden Limited Partnership entered into a construction contract with Harkins Builders, Inc., an unrelated party, to perform general contractor services in connection with the rehabilitation of the project. The construction contract amounted to \$10,173,557, including change orders of \$178,112. Total costs incurred under the contract and capitalized to construction in progress at December 31, 2021 were \$9,624,200. As of December 31, 2021, \$2,441,450 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On March 3, 2020, Post East Four Limited Partnership entered into a construction contract with CBG Building Company, LLC, an unrelated party, to perform general contractor services in connection with the construction of the Terwilliger Place East Apartments. The construction contract amounted to \$22,813,741, including change orders of \$802,634, of which \$19,108,297 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31, 2021, \$3,231,874 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On March 3, 2020, Post West Nine Limited Partnership entered into a construction contract with CBG Building Company, LLC, an unrelated party, to perform general contractor services in connection with the construction of the Terwilliger Place West Apartments. The construction contract amounted to \$25,360,668, including change orders of \$927,239, of which \$21,635,982 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31,

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

2021, \$3,158,823 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On September 13, 2021, Oakwood North Four Limited Partnership entered into a construction contract with James G. Davis Construction Corporation, an unrelated party, to perform general contractor services in connection with the construction of the Oakwood Senior Living. The construction contract amounted to \$13,919,571, including cost savings of \$37,334, of which \$484,338 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31, 2021, \$224,317 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On September 13, 2021, Oakwood South Nine Limited Partnership entered into a construction contract with James G. Davis Construction Corporation, an unrelated party, to perform general contractor services in connection with the construction of the Oakwood Senior Living. The construction contract amounted to \$12,508,924, including cost savings of \$32,946, of which \$478,268 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31, 2021, \$248,987 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On September 13, 2021, APAH Oakwood LLC entered into a construction contract with James G. Davis Construction Corporation, an unrelated party, to perform general contractor services in connection with the construction of the Oakwood Senior Living. The construction contract amounted to \$4,169,477, including change orders of \$15,349, of which \$980,721 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31, 2021, \$873,419 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On December 1, 2021, Ballston Limited Partnership entered into a construction contract with James G. Davis Construction Corporation, an unrelated party, to perform general contractor services in connection with the construction of the residential portion of Ballston Station. The construction contract amounted to \$38,106,074, including change orders of \$0, of which \$806,685 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31, 2021, \$806,685 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

On December 1, 2021, Ballston Limited Partnership entered into a construction contract with James G. Davis Construction Corporation, an unrelated party, to perform general contractor services in connection with the construction of the church portion at Ballston Station. The construction contract amounted to \$9,105,431, including change orders of \$0, of which \$218,558 has been incurred and capitalized to construction in progress at December 31, 2021. At December 31, 2021, \$215,958 remains payable and is included in construction and development costs payable on the accompanying consolidated statement of financial position.

#### **Escrow agreements**

On May 7, 2020, Post West Nine Limited Partnership and APAH entered into an escrow agreement with Arlington Post No. 139, Department of Virginia, American Legion ("American Legion"), an unrelated third party, and Capital One, National Association, an unrelated third party, whereby American Legion agrees to deposit Completion Security Funds, as defined, in the amount of \$2,575,000, into an interest-bearing money-market escrow account established by Capital One, the Escrow Agent. These funds are intended to represent the Post Unit Estimated Value, as defined,

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

provided in the Sale Agreement. The escrow balance liability at December 31, 2021 is \$1,545,000 and is included in other liabilities on the accompanying consolidated statement of financial position.

On December 9, 2021, Ballston Limited Partnership entered into an escrow agreement with Central United Methodist Church ("CUMC"), an unrelated third party and Truist Bank, an unrelated third party, whereby CUMC agrees to deposit CUMC Construction Costs, as defined, in the amount of \$10,972,086 into an interest-bearing money-market escrow account established by Truist Bank, the Escrow Agent. All interest or other income earned on the Escrowed Funds, as defined, shall become part of the Escrowed Funds. The Escrowed Funds are intended to reimburse Ballston Limited Partnership for the CUMC Construction Costs, including the cost of completion of the construction of the Church Project and other shared costs. The escrow balance liability at December 31, 2021 is \$12,869,356 and is included in other liabilities on the accompanying consolidated statement of financial position.

#### **Joint venture**

On March 4, 2019, APAH entered into a joint venture agreement with Edmondson & Gallagher Property Services, LLC, an unrelated third party, to jointly develop, construct, finance, operate, and manage an affordable senior housing complex containing approximately 98 units in Loudoun County, Virginia. The entities Mt. Sterling Senior 4% Owner LLC and Mt. Sterling Senior 9% Owner LLC were formed on behalf of the affordable senior housing complex.

#### **Land donation**

On November 2, 2020, APAH entered into a donation agreement with Woodleigh Chase, LLC, an unrelated party, to receive, for no consideration, a portion of land located in Fairfax County, Virginia for the development and operation of no less than 80 affordable housing units to be occupied with households having at least one member who is 62 years old or older. Under the donation agreement, the agreement will be consummated at settlement, which is expected to occur no later than March 1, 2023.

#### **Contribution agreement**

On May 25, 2021, APAH Fort Totten LLC entered into a Contribution Agreement with an unrelated third party, whereby the unrelated third party agrees to contribute the property, as defined. As of December 31, 2021, the property has not been contributed.

#### **Real estate purchase and sales agreement**

On May 28, 2021, APAH entered into a Real Estate Purchase and Sales Agreement with an unrelated third party, for purchase of property related to the Dominion Square West project in Fairfax County, Virginia, as defined. The purchase price per the agreement was \$20,700,000. Under the terms of the agreement, the closing of the purchase and sale of the property must occur before November 1, 2023. As of December 31, 2021, the property has not been purchased.

#### **Initial development agreement**

On July 16, 2021, APAH entered into an Initial Development Agreement with the Fairfax County Redevelopment and Housing Authority ("FCRHA"), in connection with the development of the Dominion Square West project in Fairfax County, Virginia, as defined. Under the terms of the agreement, the FCRHA will refund deposits made by APAH in connection with the purchase of the project. As of December 31, 2021, the FCRHA refunded deposits to APAH, as described in the Initial Development Agreement.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

#### Note 16 - Ground leases (unrelated party)

On August 29, 2012, Arlington Mill Limited Partnership entered into a ground lease with the County Board of Arlington County, Virginia. The lease agreement requires rent of \$1,550,000. The lease term commenced on August 29, 2012 and expires on August 28, 2087, with a 25-year extension option. During 2012, Arlington Mill Limited Partnership prepaid the rent in its entirety. The total lease payment is amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the lessor. The partnership is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. Amortization for the year ended December 31, 2021 amounted to \$20,667, and is included in depreciation and amortization expense on the consolidated statement of functional expenses. Accumulated amortization as of December 31, 2021 is \$172,225 and is included in other assets on the consolidated statement of financial position. Estimated amortization expense for each of the ensuing years through December 31, 2026 is \$20,667.

On October 19, 2020, APAH entered into an Agreement to Ground Lease with the Trustees for Central United Methodist Church ("CUMC"), for a property located in Arlington, Virginia. APAH intends to develop the property as a mixed-use project which will be subjected to a land condominium pursuant to a declaration of land condominium (the "Condominium Declaration"), and which will include one or more units for the exclusive use of CUMC, as defined, and residential components consisting of approximately 144 residential units, amenity space, parking areas, the loading dock, sidewalks, exterior improvements and appurtenances (the "APAH Unit"). The Agreement to Ground Lease requires a nonrefundable deposit of \$260,000 to be paid to the escrow agent. The deposit was paid in a prior year.

On December 9, 2021, in conjunction with the project construction closing, Ballston Limited Partnership entered into a deed of ground lease with CUMC (the "landlord"). The agreement requires a ground rent payment of \$10,110,000. Pursuant to the Condominium Declaration, the land has been subdivided to create the APAH Unit and the Land Unit C, which is to be used exclusively by CUMC. The term of the ground lease shall expire on the date that is seventy-five (75) years after the date of Project Completion, with three options to extend the lease of 5 additional years over each option. During 2021, the ground rent payment of \$10,110,000 was made to the landlord and is capitalized into the building.

On October 13, 2021, APAH Oakwood LLC entered into a deed of lease with the Fairfax County Redevelopment and Housing Authority. The deed of lease requires Base Rent of sixty-six and two thirds percent (66.66%) of Sublease Rent received by Tenant with respect to such calendar year, less any Project Operating Expenses with respect to such calendar year; provided however, that if there is positive Tenant's Other Net Cash Flow, as defined, with respect to a calendar year then in lieu of the deduction set forth above, the Base Rent shall include thirty-three and 33/100 percent (33.33%) of Tenant's Other Net Cash Flow. The annual Base Rent shall be payable on May 1 of each calendar year. The lease term commenced on October 13, 2021 and expires on October 31, 2096. APAH Oakwood LLC is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. No rent payments were made during the year ended December 31, 2021.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021

#### Note 17 - Consolidated statement of cash flows

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statement of financial position as of December 31, 2021 that sum to the total of the same such amounts in the consolidated statement of cash flows:

Cash and cash equivalents	\$ 31,756,699
Restricted cash	
Residents' security deposits	1,274,295
Replacement reserves	36,802
Other reserves	20,220,574
	<hr/>
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	<u>\$ 53,288,370</u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property and replacement reserves and other reserves as required by the entities' Partnership Agreements and Operating Agreements.

#### Note 18 - Investment in limited liability companies

APAH is a co-manager with a 50% interest in the managing member of the following liability companies: Mt. Sterling Senior 4% Owner LLC and Mt. Sterling Senior 9% Owner LLC (Real Estate Entities). Certain financial information with respect to the investment in the limited liability companies at December 31, 2021 and the year then ended, is as follows:

Net investment in real estate	\$ 20,268,717
Total assets	20,327,920
Permanent financing (including accrued interest)	6,766,463
Total liabilities	18,003,663
Limited members' equity (deficit)	2,324,257
Managing members' equity (deficit)	-
Revenue	-
Expenses	-
Net income (loss)	-

As of December 31, 2021, the investment balance is \$0 and is included in investment in liability companies on the accompanying consolidated statement of financial position. As a co-manager of the managing member of the Real Estate Entities, APAH is entitled to receive their respective percentages of all profits and losses and cash flow, after payment of certain priority items, from capital transactions of the entities. As of December 31, 2021, equity in losses was \$0.

#### Note 19 - Limited Waiver Agreements

On May 1, 2020, the County Board of Arlington County, Virginia entered into Limited Waiver Agreements with Buchanan Gardens Limited Partnership, Calvert Manor Limited Partnership, Cameron Commons LLC, Columbia Grove Apartments Limited Partnership, Columbia Hills East Limited Partnership, Courthouse Crossings Limited Partnership, Fisher House Limited Partnership, Lorcom Arms Limited Partnership, Marbella Development LLC, and The Springs Apartments Limited Partnership. Per the terms of these agreements, the County Board of Arlington County,

## **Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021**

Virginia will waive 2020 residual receipts payments on the AHIF loans for the aforementioned entities as long as these funds are expended for purposes of direct rental assistance, operating deficits, or other emergency needs related to the COVID-19 pandemic. In addition, the aforementioned entities shall suspend all late fees and eviction-related actions for nonpayment of rent by tenants due to pandemic-related loss of income until December 31, 2020.

On March 1, 2021, the aforementioned entities entered into the First Amendment to the Arlington County Affordable Housing Multifamily Revolving Loan Fund Limited Waiver Agreement ("Amended Limited Waiver Agreement") with the County Board. Per the terms of the Amended Limited Waiver Agreement, the County Board will waive 2021 residual receipts payments on the AHIF loans as long as these funds are expended for purposes of direct rental assistance, operating deficits, or other emergency needs related to the COVID-19 pandemic. In addition, the aforementioned entities shall suspend all late fees and eviction-related actions for nonpayment of rent by tenants due to pandemic-related loss of income until December 31, 2021. On February 23, 2022, the 2021 residual receipts payments were waived through April 30, 2022 (see Note 21).

#### **Note 20 - Contingency**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flows. Management is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Organization's performance in future periods will be heavily influenced by the timing, length, and intensity of any business disruptions from COVID-19 and the related effects on the Organization's operations. Management continues to monitor the results of operations to evaluate the actual and potential economic impact on the Organization.

#### **Note 21 - Subsequent events**

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of APAH and Subsidiaries through September 1, 2022 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements, except as described below.

On February 23, 2022, the County Board of Arlington County, Virginia approved an extension of the Amended Limited Waiver Agreement to waive 2021 residual receipts payments on the AHIF loans through April 30, 2022 for Buchanan Gardens Limited Partnership, Calvert Manor Limited Partnership, Cameron Commons LLC, Columbia Grove Apartments Limited Partnership, Columbia Hills East Limited Partnership, Courthouse Crossings Limited Partnership, Fisher House Limited Partnership, Lorcom Arms Limited Partnership, Marbella Development LLC, and The Springs Apartments Limited Partnership. The County has allowed the Company to analyze its remaining accounts receivable balances and pursue rent relief prior to repayment of the residual receipts during the waiver period.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021**

On March 30, 2022, APAH and Subsidiaries made the decision to not pursue the Goose Creek development. On March 31, 2022, APAH and Subsidiaries' deposit in the amount of \$120,000 was returned to them in accordance with the Purchase and Sales Agreement.

On July 21, 2022, a related wholly owned entity entered into a purchase and sale agreement with an unrelated third party, for purchase of land located in Silver Spring, Maryland, as defined.

On August 31, 2022, the Post West Nine Limited Partnership completed the sale of the Post Unit to the Arlington Post No. 139 for a purchase price totaling \$2,575,000.

In 2022, APAH and Subsidiaries executed an agreement to receive proceeds from the Capital Magnet Fund totaling \$5,000,000. The proceeds are to be committed by APAH and Subsidiaries over a five year period to support costs towards pipeline projects.

## **Supplementary Information**

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	APAH Organization	APAH Oakwood LLC	APAH Sterling 4 LLC	APAH Sterling 9 LLC	APAH Westover Dev. Corp.	APAH Westover, LLC	APAH Westover Apartments, LP	APAH Rosslyn Ridge, Inc.
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ 10,744,518	\$ 10,000	\$ -	\$ -	\$ -	\$ 13,866	\$ 240,840	\$ -
Cash - board restricted	3,000,000	-	-	-	-	-	-	-
Grants and pledges receivable	336,921	-	-	-	-	-	-	-
Accounts receivable - residents	-	-	-	-	-	-	20,396	-
Accounts receivable - other	98,502	-	-	-	-	-	469	-
Development fee receivable	17,704,796	-	-	-	-	-	-	-
Prepaid expenses	5,383	-	-	-	-	-	11,655	-
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	-	-	-	-
Deposits	1,052,000	-	-	-	-	-	-	-
Mortgage escrow deposits	-	-	-	-	-	-	25,578	-
Replacement and redevelopment reserve	-	-	-	-	-	-	54,507	-
Other reserves	-	-	-	-	-	-	-	-
Property and equipment, net	1,820,711	-	-	-	-	7,585,610	20,114,720	-
Construction in progress	4,645,183	1,305,682	-	-	-	-	430,773	-
Notes receivable - related party	39,207,062	32,465	-	-	-	647,817	-	-
Interest receivable - related party	265,449	351	-	-	-	8,220	-	-
Funded residents' security deposits	-	-	-	-	-	-	65,523	-
Investment in Fisher House Limited Partnership	-	-	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	856,742	-	-	-	-	-	-	-
Investment in North Pierce Associates	3,268,871	-	-	-	-	-	-	479,234
Investment in Courthouse Crossing Limited Partnership	(1,303)	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	275,135	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	(1,193,678)	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	-	-	-
Investment in Columbia Grove Limited Partnership	(263,064)	-	-	-	-	-	-	-
Investment in Columbia Grove Development Corp	(15,930)	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	310,685	-	-	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	(147,351)	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	-
Investment in Barkalow LLC	1,091,211	-	-	-	-	-	-	-
Investment in Arna Valley	(1,183,087)	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	125,000	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	-	20,000	-	-	-	-	52,151	-
<b>Total assets</b>	<b>\$ 82,003,756</b>	<b>\$ 1,368,498</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,255,513</b>	<b>\$ 21,016,612</b>	<b>\$ 479,234</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	APAH Organization	APAH Oakwood LLC	APAH Sterling 4 LLC	APAH Sterling 9 LLC	APAH Westover Dev. Corp.	APAH Westover, LLC	APAH Westover Apartments, LP	APAH Rosslyn Ridge, Inc.
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 392,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,877	\$ -
Accrued interest	110,942	-	-	-	-	85,507	80,864	-
Related party payable/(receivable)	(5,880,264)	10,110	50	50	382,793	-	1,005,420	17,369
Development fee payable	-	-	-	-	-	-	310,000	-
Deferred development fee	3,538,781	-	-	-	-	-	-	-
Deferred gain	2,600,000	2,602,468	-	-	-	-	-	480,000
Prepaid rents	-	-	-	-	-	-	44,509	-
Residents' security deposits	-	-	-	-	-	-	65,523	-
Notes payable	1,682,438	435,629	-	-	-	6,261,710	11,313,073	-
Construction and development costs payable	527,337	889,944	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	647,817	-
<b>Total liabilities</b>	<b>2,971,377</b>	<b>3,938,151</b>	<b>50</b>	<b>50</b>	<b>382,793</b>	<b>6,347,217</b>	<b>13,470,083</b>	<b>497,369</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	71,920,271	(2,569,653)	(50)	(50)	(382,793)	1,908,296	7,546,529	(18,135)
Unrestricted controlling - board designated	3,000,000	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>74,920,271</b>	<b>(2,569,653)</b>	<b>(50)</b>	<b>(50)</b>	<b>(382,793)</b>	<b>1,908,296</b>	<b>7,546,529</b>	<b>(18,135)</b>
<b>With donor restrictions</b>	<b>4,112,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>79,032,379</b>	<b>(2,569,653)</b>	<b>(50)</b>	<b>(50)</b>	<b>(382,793)</b>	<b>1,908,296</b>	<b>7,546,529</b>	<b>(18,135)</b>
<b>Total liabilities and net assets</b>	<b>\$ 82,003,756</b>	<b>\$ 1,368,498</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,255,513</b>	<b>\$ 21,016,612</b>	<b>\$ 479,234</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	APAH Snowden, LP	APAH Snowden Dev. Corp.	Arlington Mill, LP	Arlington Mill Dev. Corp.	AVV Apartments, LLC	Ballston GP, LLC	Ballston LP	Barkalow, LLC
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ 1,937,326	\$ -	\$ 545,679	\$ -	\$ 203,703	\$ -	\$ 44,976	\$ 195,175
Cash - board restricted	-	-	-	-	-	-	-	-
Grants and pledges receivable	-	-	-	-	-	-	-	-
Accounts receivable - residents	262,268	-	172,389	-	118,392	-	-	13,486
Accounts receivable - other	10,348	-	2,551	-	-	-	-	-
Development fee receivable	-	-	-	-	-	-	-	-
Prepaid expenses	46,650	-	32,853	-	29,358	-	-	2,905
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	-	-	1,377,775	-	-	-	-	-
Deposits	-	-	58,734	-	2,149	-	-	-
Mortgage escrow deposits	7,705	-	22,034	-	11,345	-	-	41,925
Replacement and redevelopment reserve	113,252	-	131,168	-	282,830	-	-	-
Other reserves	1,192,416	-	1,035,356	-	-	-	10,889,507	-
Property and equipment, net	29,143,485	-	21,105,439	-	12,707,026	-	10,110,000	827,074
Construction in progress	4,443,476	-	-	-	-	-	11,071,557	-
Notes receivable - related party	-	-	-	-	-	-	-	-
Interest receivable - related party	-	-	-	-	-	-	-	-
Funded residents' security deposits	24,442	-	66,518	-	46,578	-	-	14,300
Investment in Fisher House Limited Partnership	-	-	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	-	-	-	-	-	-	-	-
Investment in North Pierce Associates	-	-	-	-	-	-	-	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	-	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	-	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	-	-	-
Investment in Columbia Grove Limited Partnership	-	-	-	-	-	-	-	-
Investment in Columbia Grove Development Corp	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	-
Investment in Barkalow LLC	-	-	-	-	-	-	-	-
Investment in Arna Valley	-	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	-	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	48,948	-	72,788	-	-	-	86,189	-
<b>Total assets</b>	<b>\$ 37,230,316</b>	<b>\$ -</b>	<b>\$ 24,623,284</b>	<b>\$ -</b>	<b>\$ 13,401,381</b>	<b>\$ -</b>	<b>\$ 32,202,229</b>	<b>\$ 1,094,865</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	APAH Snowden, LP	APAH Snowden Dev. Corp.	Arlington Mill, LP	Arlington Mill Dev. Corp.	AVV Apartments, LLC	Ballston GP, LLC	Ballston LP	Barkalow, LLC
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 5,822	\$ -	\$ 12,774	\$ 63,000	\$ 22,429	\$ -	\$ -	\$ 642
Accrued interest	-	-	36,208	-	389,443	-	-	-
Related party receivable/(payables)	22,626	3,943	123,490	-	17,403	-	907,109	8,716
Development fee payable	2,427,673	-	-	-	-	-	-	-
Deferred development fee	-	-	-	-	-	-	-	-
Deferred gain	-	-	-	-	-	-	-	-
Prepaid rents	33,832	-	95,930	-	54,783	-	-	8,939
Residents' security deposits	24,442	-	66,518	-	46,578	-	-	14,300
Notes payable	28,933,936	-	7,596,234	-	14,053,829	-	9,450,484	-
Construction and development costs payable	2,637,199	-	-	-	-	-	1,986,154	-
Other liabilities	-	-	-	-	-	-	12,869,356	-
<b>Total liabilities</b>	<b>34,085,530</b>	<b>3,943</b>	<b>7,931,154</b>	<b>63,000</b>	<b>14,584,465</b>	<b>-</b>	<b>25,213,103</b>	<b>32,597</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	3,144,786	(3,943)	16,692,130	(63,000)	(1,183,084)	-	6,989,126	1,062,268
Unrestricted controlling - board designated	-	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>3,144,786</b>	<b>(3,943)</b>	<b>16,692,130</b>	<b>(63,000)</b>	<b>(1,183,084)</b>	<b>-</b>	<b>6,989,126</b>	<b>1,062,268</b>
<b>With donor restrictions</b>								
<b>Total net assets</b>	<b>3,144,786</b>	<b>(3,943)</b>	<b>16,692,130</b>	<b>(63,000)</b>	<b>(1,183,084)</b>	<b>-</b>	<b>6,989,126</b>	<b>1,062,268</b>
<b>Total liabilities and net assets</b>	<b>\$ 37,230,316</b>	<b>\$ -</b>	<b>\$ 24,623,284</b>	<b>\$ -</b>	<b>\$ 13,401,381</b>	<b>\$ -</b>	<b>\$ 32,202,229</b>	<b>\$ 1,094,865</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Braddock Four LP	Buchanan Gardens II, LLC	Buchanan Gardens Dev. Corp.	Buchanan Gardens, LP	Calvert Manor, LP	Cameron Commons Dev. Corp.	Cameron Commons, LLC	Carlyn Springs Dev. Corp.
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ -	\$ -	\$ -	\$ 502,741	\$ 97,845	\$ -	\$ 152,028	\$ -
Cash - board restricted	-	-	-	-	-	-	-	-
Grants and pledges receivable	-	-	-	-	-	-	-	-
Accounts receivable - residents	-	-	-	29,756	9,556	-	1,929	-
Accounts receivable - other	-	-	-	-	-	-	-	-
Development fee receivable	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	28,537	5,241	-	3,442	-
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	-	-	-	-
Deposits	-	13,770	-	-	-	-	-	-
Mortgage escrow deposits	-	-	-	17,818	4,154	-	2,580	-
Replacement and redevelopment reserve	-	-	-	108,559	42,753	-	15,468	-
Other reserves	-	-	-	659,662	-	-	-	-
Property and equipment, net	-	-	-	20,896,164	2,714,809	-	1,698,133	-
Construction in progress	436,963	-	-	-	-	-	-	-
Notes receivable - related party	-	-	-	-	-	-	-	-
Interest receivable - related party	-	-	-	-	-	-	-	-
Funded residents' security deposits	-	-	-	90,383	16,741	-	12,812	-
Investment in Fisher House Limited Partnership	-	-	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	-	-	-	-	-	-	-	-
Investment in North Pierce Associates	-	-	-	-	-	-	-	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	-	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	-	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	(455,713)	-	-
Investment in Columbia Grove Limited Partnership	-	-	-	-	-	-	-	-
Investment in Columbia Grove Development Corp	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	-	-	11,647	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	-
Investment in Barkalow LLC	-	-	-	-	-	-	-	-
Investment in Arna Valley	-	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	-	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	-	-	-	32,923	-	-	-	-
<b>Total assets</b>	<b>\$ 436,963</b>	<b>\$ 13,770</b>	<b>\$ 11,647</b>	<b>\$ 22,366,543</b>	<b>\$ 2,891,099</b>	<b>\$ (455,713)</b>	<b>\$ 1,886,392</b>	<b>\$ -</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	Braddock Four LP	Buchanan Gardens II, LLC	Buchanan Gardens Dev. Corp.	Buchanan Gardens, LP	Calvert Manor, LP	Cameron Commons Dev. Corp.	Cameron Commons, LLC	Carlyn Springs Dev. Corp.
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 8,497	\$ 1,066	\$ 800	\$ 4,482	\$ -
Accrued interest	-	-	-	1,885,382	179,645	-	552,478	-
Related party receivable/(payables)	-	8,105	177,629	172,772	162,262	9,040	21,761	7,184
Development fee payable	-	-	-	-	-	-	-	-
Deferred development fee	-	-	-	-	-	-	-	-
Deferred gain	-	1,421,838	-	-	-	-	-	-
Prepaid rents	-	-	-	49,032	13,351	-	6,978	-
Residents' security deposits	-	-	-	90,383	16,741	-	12,812	-
Notes payable	436,963	-	-	15,443,416	2,242,689	-	1,443,548	-
Construction and development costs payable	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>436,963</b>	<b>1,429,943</b>	<b>177,629</b>	<b>17,649,482</b>	<b>2,615,754</b>	<b>9,840</b>	<b>2,042,059</b>	<b>7,184</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	-	(1,416,173)	(165,982)	4,717,061	275,345	(465,553)	(155,667)	(7,184)
Unrestricted controlling - board designated	-	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>-</b>	<b>(1,416,173)</b>	<b>(165,982)</b>	<b>4,717,061</b>	<b>275,345</b>	<b>(465,553)</b>	<b>(155,667)</b>	<b>(7,184)</b>
<b>With donor restrictions</b>								
<b>Total net assets</b>	<b>-</b>	<b>(1,416,173)</b>	<b>(165,982)</b>	<b>4,717,061</b>	<b>275,345</b>	<b>(465,553)</b>	<b>(155,667)</b>	<b>(7,184)</b>
<b>Total liabilities and net assets</b>	<b>\$ 436,963</b>	<b>\$ 13,770</b>	<b>\$ 11,647</b>	<b>\$ 22,366,543</b>	<b>\$ 2,891,099</b>	<b>\$ (455,713)</b>	<b>\$ 1,886,392</b>	<b>\$ -</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Columbia Grove Apartments, LP	Columbia Grove Inc.	Columbia Grove Dev. Corp.	Columbia Hills East Dev. Corp.	Columbia Hills East, LP	Columbia Hills West Dev. Corp.	Columbia Hills West, LP	Courthouse Crossings, LP
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ 761,272	\$ 60,300	\$ -	\$ -	\$ 589,948	\$ -	\$ 432,898	\$ 910,103
Cash - board restricted	-	-	-	-	-	-	-	-
Grants and pledges receivable	-	-	-	-	-	-	-	-
Accounts receivable - residents	280,477	-	-	-	171,828	-	182,000	70,732
Accounts receivable - other	-	-	-	-	1,034	-	39,560	1,110
Development fee receivable	-	-	-	-	-	-	-	-
Prepaid expenses	46,734	-	-	-	41,419	-	45,198	31,743
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Mortgage escrow deposits	215,236	-	-	-	26,174	-	30,557	20,995
Replacement and redevelopment reserve	5,114	-	-	-	185,083	-	251,868	141,834
Other reserves	1,136,988	-	-	-	669,024	-	913,827	-
Property and equipment, net	18,371,875	-	-	-	30,198,180	-	38,354,951	23,317,376
Construction in progress	-	-	-	-	-	-	-	-
Notes receivable - related party	-	-	-	-	-	-	-	-
Interest receivable - related party	-	-	-	-	-	-	-	-
Funded residents' security deposits	172,906	-	-	-	56,789	-	80,769	72,911
Investment in Fisher House Limited Partnership	-	-	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	-	-	-	-	-	-	-	-
Investment in North Pierce Associates	-	-	-	-	-	-	-	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	-	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	-	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	-	-	-
Investment in Columbia Grove Limited Partnership	-	376,067	1,500,736	-	-	-	-	-
Investment in Columbia Grove Development Corp	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	-
Investment in Barkalow LLC	-	-	-	-	-	-	-	-
Investment in Arna Valley	-	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	-	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	4,476	-	-	-	116,198	-	76,737	-
<b>Total assets</b>	<b>\$ 20,995,078</b>	<b>\$ 436,367</b>	<b>\$ 1,500,736</b>	<b>\$ -</b>	<b>\$ 32,055,677</b>	<b>\$ -</b>	<b>\$ 40,408,365</b>	<b>\$ 24,566,804</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Columbia Grove Apartments, LP	Columbia Grove Inc.	Columbia Grove Dev. Corp.	Columbia Hills East Dev. Corp.	Columbia Hills East, LP	Columbia Hills West Dev. Corp.	Columbia Hills West, LP	Courthouse Crossings, LP
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 73,840	\$ 14,999	\$ -	\$ -	\$ 4,339	\$ -	\$ 31,002	\$ 17,280
Accrued interest	1,961,470	-	-	-	28,017	-	254,434	6,660,365
Related party receivable/(payables)	69,830	35,211	357,202	5,150	81,140	5,675	274,707	-
Development fee payable	-	-	-	-	-	-	2,022,848	-
Deferred development fee	-	-	-	-	-	-	-	-
Deferred gain	-	2,041,621	-	-	-	-	-	-
Prepaid rents	78,386	-	-	-	50,513	-	23,898	39,885
Residents' security deposits	179,784	-	-	-	56,789	-	81,019	72,911
Notes payable	19,168,788	-	1,749,174	-	16,106,088	-	28,039,578	18,599,208
Construction and development costs payable	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>21,532,098</b>	<b>2,091,831</b>	<b>2,106,376</b>	<b>5,150</b>	<b>16,326,886</b>	<b>5,675</b>	<b>30,727,486</b>	<b>25,389,649</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	(537,020)	(1,655,464)	(605,640)	(5,150)	15,728,791	(5,675)	9,680,879	(822,845)
Unrestricted controlling - board designated	-	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>(537,020)</b>	<b>(1,655,464)</b>	<b>(605,640)</b>	<b>(5,150)</b>	<b>15,728,791</b>	<b>(5,675)</b>	<b>9,680,879</b>	<b>(822,845)</b>
With donor restrictions	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>(537,020)</b>	<b>(1,655,464)</b>	<b>(605,640)</b>	<b>(5,150)</b>	<b>15,728,791</b>	<b>(5,675)</b>	<b>9,680,879</b>	<b>(822,845)</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,995,078</b>	<b>\$ 436,367</b>	<b>\$ 1,500,736</b>	<b>\$ -</b>	<b>\$ 32,055,677</b>	<b>\$ -</b>	<b>\$ 40,408,365</b>	<b>\$ 24,566,804</b>

(a) Allocation of non-controlling interest

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	Fisher House Dev. Corp.	FHDC Corporation	Fisher House, LP	Gilliam Place, LLC	Gilliam Place East Dev. Corp.	Gilliam Place West Dev. Corp.	Gilliam Retail, LLC	Gilliam Place East, LP
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ -	\$ -	\$ 267,046	\$ 339,678	\$ -	\$ -	\$ 64,707	\$ 503,166
Cash - board restricted	-	-	-	-	-	-	-	-
Grants and pledges receivable	-	-	-	-	-	-	-	-
Accounts receivable - residents	-	-	11,015	-	-	-	-	113,792
Accounts receivable - other	-	-	-	-	-	-	-	8,738
Development fee receivable	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	9,809	-	-	-	4,965	32,596
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	-	-	-	(36,075)
Deposits	-	-	-	-	-	-	-	-
Mortgage escrow deposits	-	-	7,445	-	-	-	-	15,399
Replacement and redevelopment reserve	-	-	33,374	-	-	-	-	39,440
Other reserves	-	-	210,511	-	-	-	-	920,301
Property and equipment, net	-	-	5,690,450	8,771,188	-	-	-	29,895,303
Construction in progress	-	-	-	-	-	-	-	-
Notes receivable - related party	-	-	-	1,592,066	-	-	-	-
Interest receivable - related party	-	-	-	48,959	-	-	-	-
Funded residents' security deposits	-	-	21,793	-	-	-	-	48,376
Investment in Fisher House Limited Partnership	-	1,221,692	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	-	-	-	-	-	-	-	-
Investment in North Pierce Associates	-	-	-	-	-	-	-	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	-	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	-	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	-	-	-
Investment in Columbia Grove Limited Partnership	-	-	-	-	-	-	-	-
Investment in Columbia Grove Development Corp	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	-
Investment in Barkalow LLC	-	-	-	-	-	-	-	-
Investment in Arna Valley	-	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	-	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	119,937
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,221,692</b>	<b>\$ 6,251,443</b>	<b>\$ 10,751,891</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,672</b>	<b>\$ 31,660,973</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Fisher House Dev. Corp.	FHDC Corporation	Fisher House, LP	Gilliam Place, LLC	Gilliam Place East Dev. Corp.	Gilliam Place West Dev. Corp.	Gilliam Retail, LLC	Gilliam Place East, LP
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 800	\$ -	\$ 1,079	\$ -	\$ -	\$ -	\$ -	\$ 20,811
Accrued interest	-	-	416,272	117,239	-	-	-	307,313
Related party receivable/(payables)	5,542	7,451	21,176	50	4,935	4,925	8,738	71,307
Development fee payable	-	-	-	-	-	-	-	-
Deferred development fee	-	-	-	-	-	-	-	-
Deferred gain	-	1,555,000	-	-	-	-	-	-
Prepaid rents	-	-	15,027	-	-	-	-	58,755
Residents' security deposits	-	-	21,793	-	-	-	-	48,376
Notes payable	-	-	2,676,348	8,118,602	-	-	-	12,452,407
Construction and development costs payable	-	-	1,038	-	-	-	-	-
Other liabilities	-	-	-	469,999	-	-	-	728,066
<b>Total liabilities</b>	<b>6,342</b>	<b>1,562,451</b>	<b>3,152,733</b>	<b>8,705,890</b>	<b>4,935</b>	<b>4,925</b>	<b>8,738</b>	<b>13,687,035</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	(6,342)	(340,759)	3,098,710	2,046,001	(4,935)	(4,925)	60,934	17,973,938
Unrestricted controlling - board designated	-	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>(6,342)</b>	<b>(340,759)</b>	<b>3,098,710</b>	<b>2,046,001</b>	<b>(4,935)</b>	<b>(4,925)</b>	<b>60,934</b>	<b>17,973,938</b>
<b>With donor restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>(6,342)</b>	<b>(340,759)</b>	<b>3,098,710</b>	<b>2,046,001</b>	<b>(4,935)</b>	<b>(4,925)</b>	<b>60,934</b>	<b>17,973,938</b>
<b>Total liabilities and net assets</b>	<b>\$ -</b>	<b>\$ 1,221,692</b>	<b>\$ 6,251,443</b>	<b>\$ 10,751,891</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,672</b>	<b>\$ 31,660,973</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Gilliam Place West, LP	Lorcom Arms, LP	Marbella Development, LLC	Oakwood North Four Dev Corp	Oakwood North Four LP	Oakwood South Nine Dev Corp	Oakwood South Nine LP	Post East Four Dev. Corp.
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ 474,168	\$ 229,688	\$ 523,480	\$ -	\$ 8,095	\$ -	\$ 8,235	\$ -
Cash - board restricted	-	-	-	-	-	-	-	-
Grants and pledges receivable	-	-	-	-	-	-	-	-
Accounts receivable - residents	60,542	41,984	100,625	-	-	-	-	-
Accounts receivable - other	54,442	-	1,298	-	-	-	-	-
Development fee receivable	-	-	-	-	-	-	-	-
Prepaid expenses	33,363	10,689	23,509	-	-	-	-	-
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	(3,155)	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Mortgage escrow deposits	17,323	70,073	19,794	-	-	-	-	-
Replacement and redevelopment reserve	49,523	146,375	139,549	-	-	-	-	-
Other reserves	514,921	-	-	-	-	-	-	-
Property and equipment, net	22,099,428	2,648,547	11,440,947	-	-	-	-	-
Construction in progress	-	-	-	-	2,874,361	-	2,732,429	-
Notes receivable - related party	-	-	-	-	-	-	-	-
Interest receivable - related party	-	-	-	-	-	-	-	-
Funded residents' security deposits	53,334	20,175	94,380	-	-	-	-	-
Investment in Fisher House Limited Partnership	-	-	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	-	-	-	-	-	-	-	-
Investment in North Pierce Associates	-	-	-	-	-	-	-	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	-	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	-	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	-	-	-
Investment in Columbia Grove Limited Partnership	-	-	-	-	-	-	-	-
Investment in Columbia Grove Development Corp	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	-
Investment in Barkalow LLC	-	-	-	-	-	-	-	-
Investment in Arna Valley	-	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	-	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	48,033	-	-	-	42,000	-	2,663,349	-
<b>Total assets</b>	<b>\$ 23,401,922</b>	<b>\$ 3,167,531</b>	<b>\$ 12,343,582</b>	<b>\$ -</b>	<b>\$ 2,924,456</b>	<b>\$ -</b>	<b>\$ 5,404,013</b>	<b>\$ -</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	Gilliam Place West, LP	Lorcom Arms, LP	Marbella Development, LLC	Oakwood North Four Dev Corp	Oakwood North Four LP	Oakwood South Nine Dev Corp	Oakwood South Nine LP	Post East Four Dev. Corp.
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 5,663	\$ 1,834	\$ 28,152	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest	262,582	564,755	365,719	-	17,073	-	225	-
Related party receivable/(payables)	512,301	708,868	26,878	50	26,354	50	23,343	2,600
Development fee payable	1,006,793	-	-	-	-	-	-	-
Deferred development fee	-	-	-	-	-	-	-	-
Deferred gain	-	-	-	-	-	-	-	-
Prepaid rents	38,293	32,385	48,319	-	-	-	-	-
Residents' security deposits	53,334	20,175	94,380	-	-	-	-	-
Notes payable	14,851,603	3,024,966	11,927,483	-	1,464,182	-	3,258,589	-
Construction and development costs payable	-	-	-	-	291,004	-	327,545	-
Other liabilities	864,000	-	-	-	19,479	-	12,986	-
<b>Total liabilities</b>	<b>17,594,569</b>	<b>4,352,983</b>	<b>12,490,931</b>	<b>50</b>	<b>1,818,092</b>	<b>50</b>	<b>3,622,688</b>	<b>2,600</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	5,807,353	(1,185,452)	(147,349)	(50)	1,106,364	(50)	1,781,325	(2,600)
Unrestricted controlling - board designated	-	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>5,807,353</b>	<b>(1,185,452)</b>	<b>(147,349)</b>	<b>(50)</b>	<b>1,106,364</b>	<b>(50)</b>	<b>1,781,325</b>	<b>(2,600)</b>
<b>With donor restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>5,807,353</b>	<b>(1,185,452)</b>	<b>(147,349)</b>	<b>(50)</b>	<b>1,106,364</b>	<b>(50)</b>	<b>1,781,325</b>	<b>(2,600)</b>
<b>Total liabilities and net assets</b>	<b>\$ 23,401,922</b>	<b>\$ 3,167,531</b>	<b>\$ 12,343,582</b>	<b>\$ -</b>	<b>\$ 2,924,456</b>	<b>\$ -</b>	<b>\$ 5,404,013</b>	<b>\$ -</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Post East Four LP	Post West Nine Dev. Corp.	Post West Nine LP	Queens North Four LP	Queens North Four Dev. Corp.	Queens South Nine LP	Queens South Nine Dev. Corp.	Rosslyn Ridge Dev. Corp.
<u>Assets</u>								
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ 2,395,601	\$ -	\$ 115,067	\$ 1,790,868	\$ -	\$ 2,767,689	\$ -	\$ -
Cash - board restricted	-	-	-	-	-	-	-	-
Grants and pledges receivable	-	-	-	-	-	-	-	-
Accounts receivable - residents	1	-	-	38,214	-	53,474	-	-
Accounts receivable - other	-	-	-	-	-	-	-	-
Development fee receivable	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	56,822	-	43,037	-	-
Prepaid development fee	-	-	-	-	-	-	-	-
Prepaid ground lease	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Mortgage escrow deposits	-	-	-	79,853	-	154,253	-	-
Replacement and redevelopment reserve	-	-	-	51	-	-	-	-
Other reserves	-	-	-	1,231,418	-	725,602	-	-
Property and equipment, net	3,570,544	-	5,215,606	49,510,297	-	30,045,779	-	-
Construction in progress	25,104,947	-	28,854,736	-	-	-	-	-
Notes receivable - related party	-	-	-	-	-	-	-	-
Interest receivable - related party	-	-	-	-	-	-	-	-
Funded residents' security deposits	-	-	-	85,131	-	89,244	-	-
Investment in Fisher House Limited Partnership	-	-	-	-	-	-	-	-
Investment in Arlington Mill Limited Partnership	-	-	-	-	-	-	-	-
Investment in North Pierce Associates	-	-	-	-	-	-	-	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	-	-	-	-	-
Investment in Calvert Manor Limited Partnership	-	-	-	-	-	-	-	-
Investment in Lorcom Arms Limited Partnership	-	-	-	-	-	-	-	-
Investment in Cameron Commons LLC	-	-	-	-	-	-	-	-
Investment in Columbia Grove Limited Partnership	-	-	-	-	-	-	-	-
Investment in Columbia Grove Development Corp	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens, LP	-	-	-	-	-	-	-	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	-	-	-	-	-
Investment in Marbella	-	-	-	-	-	-	-	(15,396)
Investment in Barkalow LLC	-	-	-	-	-	-	-	-
Investment in Arna Valley	-	-	-	-	-	-	-	-
Investment in The Springs LP	-	-	-	-	-	-	-	-
Investment in stock	-	-	-	-	-	-	-	-
In place leases	-	-	-	-	-	-	-	-
Other assets	-	-	-	157,464	-	172,247	-	-
<b>Total assets</b>	<b>\$ 31,071,093</b>	<b>\$ -</b>	<b>\$ 34,185,409</b>	<b>\$ 52,950,118</b>	<b>\$ -</b>	<b>\$ 34,051,325</b>	<b>\$ -</b>	<b>\$ (15,396)</b>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Post East Four LP	Post West Nine Dev. Corp.	Post West Nine LP	Queens North Four LP	Queens North Four Dev. Corp.	Queens South Nine LP	Queens South Nine Dev. Corp.	Rosslyn Ridge Dev. Corp.
<u>Liabilities and Net Assets</u>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 144	\$ -	\$ 144	\$ 218,640	\$ -	\$ 92,466	\$ -	\$ 4,000
Accrued interest	95,758	-	444,826	188,680	-	85,834	-	-
Related party receivable/(payables)	126,050	2,550	116,127	61,417	3,325	51,038	3,325	18,049
Development fee payable	1,836,516	-	2,086,709	2,700,000	-	1,650,000	-	-
Deferred development fee	-	-	-	-	-	-	-	-
Deferred gain	-	-	-	-	-	-	-	-
Prepaid rents	-	-	-	82,022	-	52,167	-	-
Residents' security deposits	-	-	-	85,131	-	89,244	-	-
Notes payable	20,296,177	-	24,386,091	39,822,752	-	18,330,944	-	-
Construction and development costs payable	3,305,709	-	3,213,219	-	-	-	-	-
Other liabilities	20,371	-	1,545,000	-	-	-	-	-
<b>Total liabilities</b>	<b>25,680,725</b>	<b>2,550</b>	<b>31,792,116</b>	<b>43,158,642</b>	<b>3,325</b>	<b>20,351,693</b>	<b>3,325</b>	<b>22,049</b>
<b>Net assets without donor restrictions</b>								
Unrestricted controlling	5,390,368	(2,550)	2,393,293	9,791,476	(3,325)	13,699,632	(3,325)	(37,445)
Unrestricted controlling - board designated	-	-	-	-	-	-	-	-
Unrestricted noncontrolling	-	-	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>5,390,368</b>	<b>(2,550)</b>	<b>2,393,293</b>	<b>9,791,476</b>	<b>(3,325)</b>	<b>13,699,632</b>	<b>(3,325)</b>	<b>(37,445)</b>
<b>With donor restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>5,390,368</b>	<b>(2,550)</b>	<b>2,393,293</b>	<b>9,791,476</b>	<b>(3,325)</b>	<b>13,699,632</b>	<b>(3,325)</b>	<b>(37,445)</b>
<b>Total liabilities and net assets</b>	<b>\$ 31,071,093</b>	<b>\$ -</b>	<b>\$ 34,185,409</b>	<b>\$ 52,950,118</b>	<b>\$ -</b>	<b>\$ 34,051,325</b>	<b>\$ -</b>	<b>\$ (15,396)</b>

See Independent Auditor's Report.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Financial Position December 31, 2021

	Rosslyn Ridge Apartments, LP	The Springs Apartments, LP	The Springs Dev. Corp.	Eliminations	Total
<u>Assets</u>					
Cash and cash equivalents, including \$1,492,021 of restricted cash	\$ 730,191	\$ 1,095,802	\$ -	\$ -	\$ 28,756,699
Cash - board restricted	-	-	-	-	3,000,000
Grants and pledges receivable	-	-	-	-	336,921
Accounts receivable - residents	89,299	69,347	-	-	1,911,502
Accounts receivable - other	3,078	9,328	-	-	230,458
Development fee receivable	-	-	-	(8,598,741)	9,106,055
Prepaid expenses	56,473	41,238	-	(97)	643,522
Prepaid development fee	-	-	-	-	-
Prepaid ground lease	-	-	-	39,230	1,377,775
Deposits	-	480	-	-	1,127,133
Mortgage escrow deposits	61,890	14,837	-	-	866,968
Replacement and redevelopment reserve	636,106	125,922	-	-	2,502,776
Other reserves	79,983	727,000	-	-	20,906,516
Property and equipment, net	49,390,651	28,234,144	-	(13,905,283)	471,573,154
Construction in progress	-	-	-	(579,654)	81,320,453
Notes receivable - related party	-	-	-	(41,145,726)	333,684
Interest receivable - related party	-	-	-	(322,979)	-
Funded residents' security deposits	82,130	59,060	-	-	1,274,295
Investment in Fisher House Limited Partnership	-	-	-	(1,221,692)	-
Investment in Arlington Mill Limited Partnership	-	-	-	(856,742)	-
Investment in North Pierce Associates	-	-	-	(3,748,105)	-
Investment in Courthouse Crossing Limited Partnership	-	-	-	1,303	-
Investment in Calvert Manor Limited Partnership	-	-	-	(275,135)	-
Investment in Lorcom Arms Limited Partnership	-	-	-	1,193,678	-
Investment in Cameron Commons LLC	-	-	-	455,713	-
Investment in Columbia Grove Limited Partnership	-	-	-	(1,613,739)	-
Investment in Columbia Grove Development Corp	-	-	-	15,930	-
Investment in Buchanan Gardens, LP	-	-	-	(322,332)	-
Investment in Buchanan Gardens Development Corp	-	-	-	-	-
Investment in Rosslyn Ridge Development Corp	-	-	-	147,351	-
Investment in Marbella	-	-	-	15,396	-
Investment in Barkalow LLC	-	-	-	(1,091,211)	-
Investment in Arna Valley	-	-	-	1,183,087	-
Investment in The Springs LP	-	-	442	(442)	-
Investment in stock	-	-	-	(125,000)	-
In place leases	-	-	-	-	-
Other assets	6,821	107,734	-	(2,616,821)	1,211,174
	<u>\$ 51,136,622</u>	<u>\$ 30,484,892</u>	<u>\$ 442</u>	<u>\$ (73,372,011)</u>	<u>\$ 626,479,085</u>
Total assets	<u>\$ 51,136,622</u>	<u>\$ 30,484,892</u>	<u>\$ 442</u>	<u>\$ (73,372,011)</u>	<u>\$ 626,479,085</u>

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	Rosslyn Ridge Apartments, LP	The Springs Apartments, LP	The Springs Dev. Corp.	Eliminations	Total
<u>Liabilities and Net Assets</u>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 40,055	\$ 19,092	\$ -	\$ -	\$ 1,088,872
Accrued interest	4,223,829	628,368	-	(3,799,613)	16,143,615
Related party receivable/(payables)	24,986	307,761	5,150	(89,074)	61,755
Development fee payable	3,289,586	265,129	-	(8,580,516)	9,014,738
Deferred development fee	-	-	-	(3,538,781)	-
Deferred gain	-	-	-	(10,700,927)	-
Prepaid rents	169,472	44,640	-	-	1,041,116
Residents' security deposits	82,130	62,247	-	-	1,284,610
Notes payable	47,433,152	15,225,169	-	(37,338,814)	368,886,436
Construction and development costs payable	-	-	-	-	13,179,149
Other liabilities	325,236	-	-	(2,272,348)	15,229,962
<b>Total liabilities</b>	<b>55,588,446</b>	<b>16,552,406</b>	<b>5,150</b>	<b>(66,320,073)</b>	<b>425,930,253</b>
<b>Net assets without donor restrictions</b>					
Unrestricted controlling	(4,451,824)	13,932,486	(4,708)	(171,550,107)	28,938,555
Unrestricted controlling - board designated	-	-	-	-	3,000,000
Unrestricted noncontrolling	-	-	-	164,498,169	164,498,169
<b>Total net assets without donor restrictions</b>	<b>(4,451,824)</b>	<b>13,932,486</b>	<b>(4,708)</b>	<b>(7,051,938)</b>	<b>196,436,724</b>
<b>With donor restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,112,108</b>
<b>Total net assets</b>	<b>(4,451,824)</b>	<b>13,932,486</b>	<b>(4,708)</b>	<b>(7,051,938)</b>	<b>200,548,832</b>
<b>Total liabilities and net assets</b>	<b>\$ 51,136,622</b>	<b>\$ 30,484,892</b>	<b>\$ 442</b>	<b>\$ (73,372,011)</b>	<b>\$ 626,479,085</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended December 31, 2021

	APA Organization	APA Oakwood LLC	APA Sterling 4 LLC	APA Sterling 9 LLC	APA Westover Dev. Corp.	APA Westover, LLC	Westover Apartments, LP	APA Rosslyn Ridge, Inc.
Revenue and other support								
Rental revenue - net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,028,956	\$ -
Grants and contributions	1,312,704	-	-	-	-	-	-	-
Development fee income	7,400,614	-	-	-	-	-	-	-
Interest income	830,427	351	-	-	-	15,955	70	-
Loss from equity investment in partnership interest	(662)	-	-	-	-	-	-	(4)
Gain on debt forgiveness	395,559	-	-	-	-	-	-	-
Other income	4,637,152	39,997	-	-	-	162,000	8,711	-
Special events revenue, net of expenses	704,710	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>15,280,504</b>	<b>40,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177,955</b>	<b>1,037,737</b>	<b>(4)</b>
Expenses								
Administrative	4,756,333	1	-	-	83,559	65	247,290	1,350
Operations and maintenance	-	-	-	-	-	-	208,985	-
Utilities	7,187	-	-	-	-	-	47,729	-
Insurance	126,826	-	-	-	-	-	27,205	-
Taxes	26,039	-	50	50	-	-	88,545	100
Interest	57,941	-	-	-	-	27,225	242,113	-
Depreciation and amortization	149,787	-	-	-	-	-	603,414	-
Land lease expense	-	-	-	-	-	-	162,000	-
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>5,124,113</b>	<b>1</b>	<b>50</b>	<b>50</b>	<b>83,559</b>	<b>27,290</b>	<b>1,627,281</b>	<b>1,450</b>
Excess of revenue over expenses (expenses over revenue)	10,156,391	40,347	(50)	(50)	(83,559)	150,665	(589,544)	(1,454)
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<b>\$ 10,156,391</b>	<b>\$ 40,347</b>	<b>\$ (50)</b>	<b>\$ (50)</b>	<b>\$ (83,559)</b>	<b>\$ 150,665</b>	<b>\$ (589,544)</b>	<b>\$ (1,454)</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended December 31, 2021

	APAH Snowden, LP	APAH Snowden Dev. Corp.	Arlington Mill, LP	Arlington Mill Dev. Corp.	AVV Apartments, LLC	Ballston GP, LLC	Ballston LP	Barkalow, LLC
Revenue and other support								
Rental revenue - net	\$ 1,675,909	\$ -	\$ 1,947,911	\$ -	\$ 1,483,450	\$ -	\$ -	\$ 247,836
Grants and contributions	-	-	18,200	-	-	-	-	-
Development fee income	-	-	-	-	-	-	-	-
Interest income	31	-	3,108	-	398	-	-	68
Loss from equity investment in partnership interest	-	-	-	-	-	-	-	-
Gain on debt forgiveness	-	-	-	-	-	-	-	-
Other income	13,539	-	65,566	429,652	4,006	-	86,189	2,061
Special events revenue, net of expenses	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,689,479</b>	<b>-</b>	<b>2,034,785</b>	<b>429,652</b>	<b>1,487,854</b>	<b>-</b>	<b>86,189</b>	<b>249,965</b>
Expenses								
Administrative	350,194	1,350	397,022	81,350	179,911	-	-	39,687
Operations and maintenance	199,654	-	302,647	-	267,315	-	-	45,119
Utilities	114,307	-	188,510	-	122,241	-	-	10,113
Insurance	90,900	-	68,807	-	50,333	-	-	7,446
Taxes	17,477	718	210,098	63,100	141,506	-	-	28,493
Interest	652,628	-	448,594	-	452,268	-	-	-
Depreciation and amortization	592,757	-	736,561	-	254,923	-	-	41,303
Land lease expense	-	-	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>2,017,917</b>	<b>2,068</b>	<b>2,352,239</b>	<b>144,450</b>	<b>1,468,497</b>	<b>-</b>	<b>-</b>	<b>172,161</b>
Excess of revenue over expenses (expenses over revenue)	(328,438)	(2,068)	(317,454)	285,202	19,357	-	86,189	77,804
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<u>\$ (328,438)</u>	<u>\$ (2,068)</u>	<u>\$ (317,454)</u>	<u>\$ 285,202</u>	<u>\$ 19,357</u>	<u>\$ -</u>	<u>\$ 86,189</u>	<u>\$ 77,804</u>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended December 31, 2021

	Braddock Four LP	Buchanan Gardens II, LLC	Gardens Dev. Corp.	Buchanan Gardens, LP	Calvert Manor, LP	Commons Dev. Corp.	Cameron Commons, LLC	Carlyn Springs Dev. Corp.
Revenue and other support								
Rental revenue - net	\$ -	\$ -	\$ -	\$ 1,723,581	\$ 325,343	\$ -	\$ 210,655	\$ -
Grants and contributions	-	-	-	-	-	-	-	-
Development fee income	-	-	-	-	-	-	-	-
Interest income	-	-	-	635	99	-	65	-
Loss from equity investment in partnership interest	-	-	-	-	-	(31,627)	-	-
Gain on debt forgiveness	-	-	-	-	-	-	-	-
Other income	-	-	-	8,699	3,863	-	3,178	-
Special events revenue, net of expenses	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,732,915</b>	<b>329,305</b>	<b>(31,627)</b>	<b>213,898</b>	<b>-</b>
Expenses								
Administrative	-	-	81,350	415,407	48,289	1,050	48,904	1,025
Operations and maintenance	-	-	-	388,860	63,467	-	50,746	-
Utilities	-	-	-	170,820	20,677	-	17,904	-
Insurance	-	-	-	60,256	12,842	-	8,691	-
Taxes	-	50	60	118,407	33,622	-	22,282	25
Interest	-	-	-	729,719	94,350	-	39,672	-
Depreciation and amortization	-	-	-	639,636	102,919	-	71,535	-
Land lease expense	-	-	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>50</b>	<b>81,410</b>	<b>2,523,105</b>	<b>376,166</b>	<b>1,050</b>	<b>259,734</b>	<b>1,050</b>
Excess of revenue over expenses (expenses over revenue)	-	(50)	(81,410)	(790,190)	(46,861)	(32,677)	(45,836)	(1,050)
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<b>\$ -</b>	<b>\$ (50)</b>	<b>\$ (81,410)</b>	<b>\$ (790,190)</b>	<b>\$ (46,861)</b>	<b>\$ (32,677)</b>	<b>\$ (45,836)</b>	<b>\$ (1,050)</b>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended December 31, 2021

	Columbia Grove Apartments, LP	Columbia Grove Inc.	Columbia Grove Dev. Corp.	Columbia Hills East Dev. Corp.	Columbia Hills East, LP	Columbia Hills West Dev. Corp.	Columbia Hills West, LP	Courthouse Crossings, LP
Revenue and other support								
Rental revenue - net	\$ 3,241,976	\$ -	\$ -	\$ -	\$ 1,492,642	\$ -	\$ 2,039,700	\$ 1,881,681
Grants and contributions	-	-	-	-	-	-	-	-
Development fee income	-	-	-	-	-	-	-	-
Interest income	378	16	-	-	2,208	-	1,536	704
Loss from equity investment in partnership interest	-	-	(97)	-	-	-	-	-
Gain on debt forgiveness	-	-	-	-	-	-	-	-
Other income	(293,026)	-	54,568	-	73,795	-	94,604	55,265
Special events revenue, net of expenses	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>2,949,328</b>	<b>16</b>	<b>54,471</b>	<b>-</b>	<b>1,568,645</b>	<b>-</b>	<b>2,135,840</b>	<b>1,937,650</b>
Expenses								
Administrative	692,057	1,350	80,325	1,350	278,273	1,350	382,239	189,492
Operations and maintenance	757,472	-	-	-	193,769	-	263,085	319,614
Utilities	251,434	-	-	-	158,507	-	141,440	128,231
Insurance	92,057	-	-	-	62,159	-	69,612	58,786
Taxes	342,971	100	100	50	179,570	200	230,266	201,469
Interest	1,175,966	-	-	-	341,535	-	534,983	1,070,783
Depreciation and amortization	603,228	-	-	-	939,011	-	1,196,749	636,635
Land lease expense	-	-	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>3,915,185</b>	<b>1,450</b>	<b>80,425</b>	<b>1,400</b>	<b>2,152,824</b>	<b>1,550</b>	<b>2,818,374</b>	<b>2,605,010</b>
Excess of revenue over expenses (expenses over revenue)	(965,857)	(1,434)	(25,954)	(1,400)	(584,179)	(1,550)	(682,534)	(667,360)
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<u>\$ (965,857)</u>	<u>\$ (1,434)</u>	<u>\$ (25,954)</u>	<u>\$ (1,400)</u>	<u>\$ (584,179)</u>	<u>\$ (1,550)</u>	<u>\$ (682,534)</u>	<u>\$ (667,360)</u>

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended December 31, 2021

	Fisher House Dev. Corp.	FHDC Corporation	Fisher House, LP	Gilliam Place, LLC	Gilliam Place East Dev. Corp.	Gilliam Place West Dev. Corp.	Gilliam Retail, LLC	Gilliam Place East, LP
Revenue and other support								
Rental revenue - net	\$ -	\$ -	\$ 492,771	\$ -	\$ -	\$ -	\$ 103,768	\$ 1,346,563
Grants and contributions	-	-	-	-	-	-	-	-
Development fee income	-	-	-	-	-	-	-	-
Interest income	-	-	238	33,351	-	-	-	251
Loss from equity investment in partnership interest	-	(1,569)	-	-	-	-	-	-
Gain on debt forgiveness	-	-	-	-	-	-	-	-
Other income	-	-	21,947	420,221	-	-	54,775	165,327
Special events revenue, net of expenses	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>(1,569)</b>	<b>514,956</b>	<b>453,572</b>	<b>-</b>	<b>-</b>	<b>158,543</b>	<b>1,512,141</b>
Expenses								
Administrative	1,025	1,350	111,237	15	1,350	1,350	2,094	319,192
Operations and maintenance	-	-	114,789	-	-	-	78,198	200,851
Utilities	-	-	30,962	-	-	-	-	79,427
Insurance	-	-	18,837	-	-	-	4,817	59,106
Taxes	25	100	48,076	100	210	200	19,465	165,850
Interest	-	-	143,694	102,532	-	-	-	542,525
Depreciation and amortization	-	-	202,653	-	-	-	-	931,606
Land lease expense	-	-	-	-	-	-	-	197,554
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>1,050</b>	<b>1,450</b>	<b>670,248</b>	<b>102,647</b>	<b>1,560</b>	<b>1,550</b>	<b>104,574</b>	<b>2,496,111</b>
Excess of revenue over expenses (expenses over revenue)	(1,050)	(3,019)	(155,292)	350,925	(1,560)	(1,550)	53,969	(983,970)
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<u>\$ (1,050)</u>	<u>\$ (3,019)</u>	<u>\$ (155,292)</u>	<u>\$ 350,925</u>	<u>\$ (1,560)</u>	<u>\$ (1,550)</u>	<u>\$ 53,969</u>	<u>\$ (983,970)</u>

See Independent Auditor's Report.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Activities  
Year Ended December 31, 2021**

	Gilliam Place West, LP	Lorcom Arms, LP	Marbella Development, LLC	Oakwood North Four Dev Corp	Oakwood North Four LP	Oakwood South Nine Dev Corp	Oakwood South Nine LP	Post East Four Dev. Corp.
Revenue and other support								
Rental revenue - net	\$ 1,259,779	\$ 604,299	\$ 1,891,266	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions	-	-	-	-	-	-	-	-
Development fee income	-	-	-	-	-	-	-	-
Interest income	265	149	649	-	-	-	-	-
Loss from equity investment in partnership interest	-	-	-	-	-	-	-	-
Gain on debt forgiveness	-	-	-	-	-	-	-	-
Other income	46,078	5,376	30,948	-	-	-	1	-
Special events revenue, net of expenses	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,306,122</b>	<b>609,824</b>	<b>1,922,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
Expenses								
Administrative	263,181	162,043	230,346	-	-	-	-	1,350
Operations and maintenance	229,915	110,298	391,061	-	-	-	-	-
Utilities	77,206	34,836	165,805	-	-	-	-	-
Insurance	61,676	23,998	58,020	-	-	-	-	-
Taxes	159,674	57,299	190,190	50	-	50	-	250
Interest	312,118	164,445	580,221	-	-	-	-	-
Depreciation and amortization	683,591	180,846	182,627	-	-	-	-	-
Land lease expense	216,000	-	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>2,003,361</b>	<b>733,765</b>	<b>1,798,270</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>1,600</b>
Excess of revenue over expenses (expenses over revenue)	(697,239)	(123,941)	124,593	(50)	-	(50)	1	(1,600)
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	\$ (697,239)	\$ (123,941)	\$ 124,593	\$ (50)	\$ -	\$ (50)	\$ 1	\$ (1,600)

See Independent Auditor's Report.

## Arlington Partnership for Affordable Housing, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended December 31, 2021

	Post East Four LP	Post West Nine Dev. Corp.	Post West Nine LP	Queens North Four LP	Queens North Four Dev. Corp.	Queens South Nine LP	Queens South Nine Dev. Corp.	Rosslyn Ridge Dev. Corp.
Revenue and other support								
Rental revenue - net	\$ -	\$ -	\$ -	\$ 618,478	\$ -	\$ 851,885	\$ -	\$ -
Grants and contributions	-	-	-	-	-	-	-	-
Development fee income	-	-	-	-	-	-	-	-
Interest income	-	-	-	4,078	-	3,547	-	-
Loss from equity investment in partnership interest	-	-	-	-	-	-	-	190,570
Gain on debt forgiveness	-	-	-	-	-	-	-	-
Other income	1	-	-	16,617	-	12,784	-	75,972
Special events revenue, net of expenses	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>639,173</b>	<b>-</b>	<b>868,216</b>	<b>-</b>	<b>266,542</b>
Expenses								
Administrative	2,354	1,350	2,352	542,218	1,350	436,883	1,350	202,790
Operations and maintenance	144	-	144	145,288	-	76,732	-	-
Utilities	-	-	-	24,999	-	87,382	-	-
Insurance	-	-	-	79,305	-	53,805	-	-
Taxes	218	200	218	78,274	100	306,896	100	25
Interest	-	-	-	930,834	-	480,393	-	-
Depreciation and amortization	-	-	-	1,007,291	-	628,346	-	-
Land lease expense	-	-	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>2,716</b>	<b>1,550</b>	<b>2,714</b>	<b>2,808,209</b>	<b>1,450</b>	<b>2,070,437</b>	<b>1,450</b>	<b>202,815</b>
Excess of revenue over expenses (expenses over revenue)	(2,715)	(1,550)	(2,714)	(2,169,036)	(1,450)	(1,202,221)	(1,450)	63,727
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	-	-
Excess of revenue over expenses (expenses over revenue) attributable to APAH	<u>\$ (2,715)</u>	<u>\$ (1,550)</u>	<u>\$ (2,714)</u>	<u>\$ (2,169,036)</u>	<u>\$ (1,450)</u>	<u>\$ (1,202,221)</u>	<u>\$ (1,450)</u>	<u>\$ 63,727</u>

See Independent Auditor's Report.

**Arlington Partnership for Affordable Housing, Inc. and Subsidiaries**

**Consolidating Statement of Activities  
Year Ended December 31, 2021**

	Rosslyn Ridge Apartments, LP	The Springs Apartments, LP	The Springs Dev. Corp.	Eliminations	Consolidated
Revenue and other support					
Rental revenue - net	\$ 5,274,409	\$ 1,583,977	\$ -	\$ -	\$ 31,326,835
Grants and contributions	-	-	-	-	1,330,904
Development fee income	-	-	-	(469,756)	6,930,858
Interest income	595	2,080	-	(794,260)	106,992
Loss from equity investment in partnership interest	-	-	80	(156,691)	-
Gain on debt forgiveness	-	-	-	-	395,559
Other income	286,166	119,904	-	(5,869,832)	836,104
Special events revenue, net of expenses	-	-	-	-	704,710
<b>Total revenue</b>	<b>5,561,170</b>	<b>1,705,961</b>	<b>80</b>	<b>(7,290,539)</b>	<b>41,631,962</b>
Expenses					
Administrative	553,317	331,477	1,350	(1,495,271)	10,036,626
Operations and maintenance	582,328	291,705	-	(103,547)	5,178,639
Utilities	200,085	161,726	-	-	2,241,528
Insurance	113,369	82,497	-	-	1,291,350
Taxes	734,938	194,874	25	-	3,662,755
Interest	2,652,724	508,748	-	(701,212)	11,584,799
Depreciation and amortization	1,593,864	928,743	-	(563,621)	12,344,404
Land lease expense	-	-	-	(575,554)	-
Grant expense	-	-	-	-	-
<b>Total expenses</b>	<b>6,430,625</b>	<b>2,499,770</b>	<b>1,375</b>	<b>(3,439,205)</b>	<b>46,340,101</b>
Excess of revenue over expenses (expenses over revenue)	(869,455)	(793,809)	(1,295)	(3,851,334)	(4,708,139)
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	(10,142,526)	(10,142,526)
Excess of revenue over expenses (expenses over revenue) attributable to APAH	\$ (869,455)	\$ (793,809)	\$ (1,295)	\$ 6,291,192	\$ 5,434,387

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