HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2021

HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hollywood Community Housing Corporation
(A California Not-For-Profit Corporation)

Opinion

We have audited the accompanying financial statements of Hollywood Community Housing Corporation, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statement of activities, 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 component auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hollywood Community Housing Corporation as of December 31, 2021, and the results of its operations 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 20 controlled and wholly owned entities, of which the activity on these controlled entities represents approximately $303.4 million of the total assets of Hollywood Community Housing Corporation's controlled and wholly owned entities at December 31, 2021, and approximately $10.2 million of the total revenue of Hollywood Community Housing Corporation's controlled and wholly owned entities for the year ended December 31, 2021, all respectively. Those statements were audited by component auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the component auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Hollywood Community Housing Corporation 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.

Responsibilities of Management for the Consolidated Financial Statements (continued)

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 Hollywood Community Housing Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Hollywood Community Housing Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hollywood Community Housing Corporation's ability to continue as a going concern for a reasonable period of time.

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

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 financial statements 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dauby O'Connor & Zaleski, LLC

July 14, 2022
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current assets	
Cash and cash equivalents	
Cash	$ 8,004,116
Restricted reserves	11,981,006
Total cash and cash equivalents	**19,985,122**
Resident receivables	562,834
Total current assets	**20,547,956**
Property and equipment	
Land	36,341,381
Buildings and improvements	319,751,206
Furniture and equipment	5,343,139
Construction in progress	9,669,119
	371,104,845
Less: Accumulated depreciation	(64,604,999)
Total property and equipment	**306,499,846**
Other assets	
Grants and contracts receivable	134,527
Notes and other related party receivables	106,760
Investments in partnerships	185,356
Unamortized costs, net	488,791
Other assets	278,915
Total other assets	**1,194,349**
	$ 328,242,151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	$ 4,436,946
Accounts payable - construction	3,134,726
Prepaid revenue	117,763
Accrued interest - current	9,604
Mortgages and notes payable - current maturities	42,324,418
Total current liabilities	**50,023,457**
Deposit liabilities	
Resident security deposits	**867,735**
Long term liabilities	
Mortgages and notes payable, net of current maturities (amortizing)	17,612,828
Mortgages and notes payable (non amortizing)	150,216,126
Less: Unamortized debt issuance costs	(1,213,369)
Due to affiliates - long-term	22,201
Accrued interest - long-term	33,235,502
Total long term liabilities	**199,873,288**
Total liabilities	**250,764,480**
Net assets - without donor restrictions	
Controlling interest	(1,834,656)
Non-controlling interest	79,167,327
Total net assets - without donor restrictions	**77,332,671**
Net Assets - with donor restrictions	**145,000**
Total net assets	**77,477,671**
Total liabilities and net assets	**$ 328,242,151**

HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Revenues	
Net rental income	$ 11,809,187
Contribution income	7,533
Government contracts and grants	1,158,265
Special events income	21,553
Development income	245,000
Management and partnership fee income	62,800
Interest income, net	49,310
Other income	399,855
Total revenue	**13,753,503**
Operating expenses	
Administration	1,788,320
Management fees	634,053
Salaries and benefits	4,209,989
Utilities	1,388,017
Repairs and maintenance	2,291,093
Taxes and insurance	656,568
Total operating expenses	**10,968,040**
Income (loss) from operations before debt maintenance and other expenses	**2,785,463**
Debt maintenance	
Interest expense	5,437,985
Interest expense - other	45,487
Total debt maintenance	**5,483,472**
Income (loss) from operations before other expenses	**(2,698,009)**
Other expenses	
Depreciation and amortization	8,285,196
Other entity expenses	110,335
Total other expenses	**8,395,531**
Change in net assets	**$ (11,093,540)**

HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2021

NET ASSETS - WITHOUT DONOR RESTRICTIONS

CONTROLLING INTEREST	
Balance, January 1, 2021	**$ 424,646**
Contributions	100,000
Distributions	(31,286)
Other changes in controlling interest	103,074
Change in net assets	(2,431,090)
Balance, December 31, 2021	**$ (1,834,656)**
NON-CONTROLLING INTEREST	
Balance, January 1, 2021	**$ 56,823,601**
Contributions	31,349,223
Distributions	-
Syndication costs	(110,000)
Other changes in non-controlling interest	(173,047)
Change in net assets	(8,722,450)
Balance, December 31, 2021	**$ 79,167,327**

NET ASSETS - WITH DONOR RESTRICTIONS

Balance, January 1, 2021	**$ 85,000**
Change in net assets - with donor restrictions	60,000
Balance, December 31, 2021	**$ 145,000**

HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities	
Change in net assets	**$ (11,093,540)**
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	8,285,196
Changes in:	
Resident receivables	(277,652)
Grants and contracts receivable	26,333
Notes and other related party receivables	766,393
Prepaid expense	60,463
Accounts payable and accrued expenses	3,771,420
Due to related party	(5,073)
Accrued interest	3,936,933
Prepaid revenue	20,242
Security deposit liability	191,871
Net cash provided by (used in) operating activities	**5,682,586**
Cash flows from investing activities	
Payments for property and equipment	(21,595,347)
Investments in partnerships	(172,816)
Net cash provided by (used in) investing activities	**(21,768,163)**
Cash flows from financing activities	
Contributions	31,449,223
Proceeds from mortgages and notes payable	9,845,103
Syndication costs	(110,000)
Distributions	(31,286)
Principal payments on mortgages and notes payable	(17,910,093)
Payments for tax credit fees	(47,394)
Net cash provided by (used in) financing activities	**23,195,553**
Net change in cash and cash equivalents	**7,109,976**
Cash and equivalents, beginning	**12,875,146**
Cash and equivalents, ending	**$ 19,985,122**
Supplemental disclosure of other information	
Cash paid for interest	$ 2,539,993

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Hollywood Community Housing Corporation (HCHC) was formed to provide affordable housing through acquisition, construction, rehabilitation, and operation of residential properties in a manner that enhances existing neighborhoods.

HCHC's wholly owned affiliates include Hollywood Housing Holdings, LLC, HCHC Recap I, LLC, Step Up On Vine, LLC, HCHC General Partner, LLC, Stanford Avenue GP, LLC, HCHC Florence Mills GP, LLC, HCHC Gramercy Place GP, LLC, HCHC Palm Vista MGP, LLC, HCHC Palm Vista IIG, LLC, HCHC Walnut Park GP, LLC, HCHC Luna Vista GP, LLC, and Venice Dell GP, LLC. HCHC or these affiliates have ownership in the following entities (the Properties, and together with HCHC, the Corporation):

Entity	DBA	Units	Ownership %
Controlled Entities			
Alexandria House Apartments, LP	Alexandria House Apartments	16	0.0051
Palo Verde Apartments, LP	Palo Verde Apartments	49	0.010
Paul Williams Apartments, LP	Paul Williams Apartments	41	0.010
Florence Mills Apartments, LP	Florence Mills Apartments	74	0.010
Gramercy Place Apartments, LP	Gramercy Place Apartments	64	0.010
Stanford Avenue Apartments, LP	Stanford Avenue Apartments	85	0.010
HCHC Recap 1, LP	Argyle, Carlton Way, Wilcox	68	0.010
Hollywood Bungalow Courts, LP	Hollywood Bungalow Courts	42	0.010
Mariposa Place Apartments, LP	Mariposa Place Apartments	58	0.010
Coronel Apartments, LP	Coronel Apartments	54	0.010
Step Up on Colorado, LP	Step Up on Colorado	34	0.005
Step Up on Vine, LP	Step Up on Vine	34	0.005
Wholly Owned Entities			
Not separately incorporated	Argyle Court Apartments	23	100.000
Not separately incorporated	Orchard Gables	n/a	100.000
Innes Heights, LP	Innes Heights Apartments	19	100.000
Barnsdall Court, LP	Barnsdall Court Apartments	38	100.000
Selma-Hudson Community, LP	Casa Verde Apartments	30	100.000
Dunning Apartments Partnership, LP	Dunning Apartments	26	100.000
Kenmore Apartments, LP	Kenmore Apartments	21	100.000
Mirada Terrace Apartments, LP	Mirada Terrace Apartments	30	100.000
St. Andrew's Community, LP	St. Andrew's Bungalow Court	16	100.000
Harold Way Apartments, LP	Harold Way Apartments	51	100.000
Palomar Apartments, LP	Palomar Apartments	27	100.000
Views at 270, LP	Views Apartments	56	100.000
Luna Vista, LP	Luna Vista Apartments	73	100.000
Walnut Park, LP	Walnut Park Apartments	64	100.000
Allesandro Housing 811-01	Allesandro Housing	18	100.000
Waterloo Heights 811-97	Waterloo Heights Apartments	18	100.000

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ORGANIZATION (CONTINUED)

Entity	DBA	Units	Ownership %
Equity Method Investments			
La Brea Franklin, LP	La Brea Franklin Apartments	40	20.000
Western Carlton Apartments, LP	Western Carlton Apartments I	61	0.100
Western Carlton II, LP	Metro Hollywood	60	0.005
Palm Vista, LP	Palm Vista Apartments	91	0.0049

During the year ended December 31, 2021, construction on Florence Mills and Gramercy Place was completed, and construction on Palm Vista was in process.

The majority of the Corporation's Wholly Owned Entities are separately incorporated partnerships. The Corporation also presents Argyle Court Apartments and Orchard Gables as Wholly Owned Entities, however, these Properties are not separately incorporated. In addition, the Corporation presents two nonprofit organizations regulated by the United States Department of Housing and Urban Development (HUD) Section 811 Program, Allesandro Housing and Waterloo Heights, as Wholly Owned Entities as HCHC has both an economic interest and control of the organizations through a majority voting interest in their governing boards.

Cash flow from operating activities generated by the Properties is payable in accordance with each Property's respective organizational documents. The Properties pay distributions in accordance with the terms of the partnership or operating agreements, after priority payments which include payments to the limited partner, the asset manager, the developer fee, repayment of advances to the property, and reimbursable service charges as applicable.

Description of programs

The Corporation improves the quality and affordability of housing in Los Angeles County by developing new apartments and rehabilitating existing properties. The Properties are clustered in different parts of Los Angeles County and serve low-income households. The Corporation's programs are as follows:

Housing Operations - HCHC's housing operations includes the operations of the Properties and its asset management department which develops and implements strategies to ensure the long-term health of its properties for the benefit of its residents. HCHC also manages 147 units as of December 31, 2021 and anticipates self managing additional Properties in future periods. The department monitors the lease-up process of new buildings, supervises property management operations, analyzes financial performance, imposes control over property maintenance, mediates resident grievances, and works with its housing development department on design considerations for new buildings. The asset management team actively seeks out ways to lower operating expenses, primarily through green initiatives and energy savings programs.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of programs (continued)

Housing Development - HCHC's core programs include the development of affordable housing and permanent supportive housing. Since its inception, HCHC has developed 32 properties that house over 2,500 people in 1,153 units of safe, attractive and centrally located affordable housing. Residents of HCHC properties have extremely low- to low-incomes, typically earning below 60% of the area median income. Over 30% of HCHC's housing units are designated for special-needs individuals and their families, those disabled by HIV/AIDS, formerly chronically homeless individuals and/or persons living with co-occurring and multiple conditions. Three of HCHC's buildings serve only seniors, one specifically for seniors with special needs.

Resident Services - HCHC's resident services program provides care coordination, referral and linkage to resources, crisis intervention, a food pantry, ESL classes, GED instruction, group/individual therapy, and life-skills classes. When circumstances like a pandemic are not a factor, HCHC's Food Pantry is open once a week to HCHC residents and the community at large and provides food staples, meat, and vegetables every month. People accessing the food pantry include a number of special-needs residents who live in HCHC communities, low-income households in the neighboring community, and individuals who identify as homeless.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the consolidated financial statements

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. This topic established standards for external financial reporting for Not-for-Profit Organizations.

The Not-for-Profit Entities Presentation of Financial Statements topic primarily affects the display of the consolidated financial statements and requires that the amounts for each of two classes of net assets - with or without donor restrictions - be displayed in the Consolidated Statement of Financial Position and the amounts of the change in each of those classes of net assets be displayed in a Consolidated Statement of Changes in Net Assets.

In accordance with FASB ASC 958-810, the consolidated financial statements include the accounts of the Corporation and its wholly owned partnerships and limited liability companies, after elimination of all material intercompany accounts, transactions, and profits. The Corporation does not consolidate the transactions and accounts of the previously mentioned equity method investments.

The financial statements also consolidate the assets, liabilities, and activities of the Corporation and various limited partnerships and limited liability companies for which the Corporation, as the general partner or managing member, has a controlling financial and legal interest. All significant intercompany transactions have been eliminated in the consolidation.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets without donor restrictions - controlling interests

Net assets without donor restrictions - controlling interests are not restricted by donor-imposed stipulations and are available for use at the discretion of the board of directors and/or management for general operating purposes. The only limits on net assets are broad limits resulting from the nature of the Corporation and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets without donor restrictions – noncontrolling interests

Net assets without donor restrictions – noncontrolling interests represent the aggregate balance of the third party limited partners' equity interest, generally 99.99%, in the controlled limited partnerships that are included in the consolidated financial statements.

Net assets with donor restrictions

Net assets with donor restrictions are contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources will be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

New accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, which once implemented will result in lessees recognizing most leased assets and corresponding lease liabilities on the consolidated statement of financial position. The standard is effective for year-ends beginning after December 15, 2021 and early adoption is permitted.

In March 2020, FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The standard is effective from March 2020 through December 31, 2022 and will allow the Corporation to adopt other reference rates without applying the contract modifications provisions of accounting standards generally accepted in the United States of America. During the year ended December 31, 2021, ASU 2020-04 did not have a material impact on the Corporation. Management expects to apply the provisions of ASU 2020-04 once the LIBOR reference rate related to the debt is discontinued.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

For the consolidated statement of cash flows, all unrestricted investments with original maturities of three months or less are cash. At December 31, 2021, cash consists of operating checking and money market accounts. The carrying amount of cash and deposits held in trust-funded accounts approximates fair value due to the type of investments and the maturity dates.

Restricted reserves

The Properties have set up certain operating, replacement, development and other reserve accounts and continues to make annual deposits as required by the various loan and regulatory agreements. In addition, restricted reserves also include tenant security deposits and development reserves restricted by lenders to be used for development purposes.

Resident receivable and bad debt policy

The Properties' resident rent charges for the current month are due on the first of the month. Residents who are evicted or move-out are charged with damages or cleaning fees, if applicable. Resident receivables consist of amounts due for rental income or the charges for damages and cleaning fees. The Properties do not accrue interest on the resident receivable balances.

Resident receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the consolidated financial statements for the year ended December 31, 2021. Bad debts expensed for the year ended December 31, 2021 totaled $28,336.

Developer fee receivable

Developer fee receivable consists of amounts earned in connection with the development of affordable housing facilities and are based on a percentage of development costs incurred and is eliminated in consolidation. Amounts due from the housing facilities are stated at unpaid balances, less an allowance for doubtful accounts. The Corporation may accrue interest on the developer fee receivable balance. As of December 31, 2021, the allowance for doubtful accounts relating to the developer fee receivable totaled $-0-. Bad debts expensed for the year ended December 31, 2021 totaled $-0-.

Property and equipment

The Properties' depreciation of property and equipment, stated at cost, is computed primarily using the straight-line method over the estimated useful lives of the assets ranging from 3 - 40 years. Costs that are deemed to increase the useful life of the property or equipment are capitalized. When assets are sold or otherwise disposed of, the costs and related reserves are removed from the accounts, and any resulting gain or loss is included in operations.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

The Properties incurred costs related to the construction period, including development service fees, interest, real estate taxes, and insurance, which are capitalized and included in property and equipment.

The Properties are subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's consolidated financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the year ended December 31, 2021.

Pre-development costs receivable

Pre-development costs receivable consist of amounts advanced to fund entity formation and pre-development of affordable housing facilities. Amounts due from the housing facilities are stated at unpaid balances, less an allowance for doubtful accounts. As of December 31, 2021, the allowance for doubtful accounts relating to the pre-development costs receivable totaled $-0-. Bad debts expensed for the year ended December 31, 2021 totaled $-0-.

Notes and other related party receivables

Notes and other related party receivable are carried at amounts contractually due, less an allowance for doubtful accounts. The Corporation accrues interest on the note receivable balances. Management periodically reviews notes receivable and uses an allowance for doubtful accounts to recognize bad debts. Notes receivable on the Consolidated Statement of Financial Position is shown net of the allowance for doubtful accounts. As of December 31, 2021, the allowance for doubtful accounts relating to the notes and other related party receivables totaled $-0-. Bad debts expensed for the year ended December 31, 2021 totaled $-0-.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in partnerships

The Corporation does not consolidate the accounts and activities of certain Properties it considers equity investments. The Corporation has determined that it is unable to exercise significant influence of the limited liability entities under FASB ASC 958-810. The Corporation accounts for its equity investments in accordance with the equity method of accounting, under which the equity investment is carried at cost and is adjusted for the Corporation's share of net income or loss and by cash distributions received. Equity in loss of each equity investment allocated to the Corporation is recognized to the extent of the Corporation's equity investment balance. Previously unrecognized equity in loss is recognized in the year in which equity in income is earned by such equity investment or additional investment is made by the Corporation. Distributions received subsequent to the elimination of an equity investment balance will be recorded as other income. Advances and additional capital contributions will be recorded as additional equity investments if they occur. The Corporation assesses the carrying value of its equity investments whenever there are indications that a permanent impairment may have occurred. No impairment losses were recognized during the year ended December 31, 2021.

Unamortized costs

Certain Properties incurred costs including California Tax Credit Allocation (TCAC) monitoring fees which are being amortized over 10-15 year terms using the straight-line method.

Debt issuance costs

The Corporation or Properties are subject to the provisions of the Interest-Imputation of Interest topic of the FASB ASC 835-30 which requires unamortized debt issuance costs to be presented as a reduction of the outstanding debt and the amortization of the debt issuance costs to be presented as a component of interest expense. Debt issuance costs are amortized on a straight-line basis or effective interest method over the term of the loans.

Contingent interest

Certain Properties do not record continent interest due on certain notes payable as the Corporation anticipates it will be forgiven upon loan maturity.

Contributions

Syndication costs incurred in connection with generating contributions of the non-controlling interests are reported net of syndication costs for financial reporting purposes.

Rental income

The Properties' rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Properties and the residents of the property are operating leases under FASB ASC 840 and are not within the scope of FASB ASU 2014-09.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management fee income

The Corporation's management fee income is earned based on the terms as outlined in the management agreements between HCHC and various properties. Management fees are typically paid by various properties one month in arrears.

Grant revenue

Grants that the Corporation receives from various government and nongovernmental agencies have long-term compliance requirements. The Corporation intends to fulfill the compliance requirements as part of its mission. The amounts received are recognized as revenue in the period that the compliance requirements are met.

Contributions and donations

Contributions and donations that the Corporation receives, including unconditional promises to give, are recognized in the period received or made, in accordance with FASB ASC 958-605 under the Revenue Recognition of Contributions Receivable topic.

Developer fee revenue

The Corporation earns developer fees primarily for orchestrating the financing and construction of affordable housing, generally in its capacity as general partner or managing member of various real estate partnerships and limited liability companies. Fees are recognized based on completion of various phases of the property representing its performance obligations, as specified in the respective agreements. Certain fees are deferred and payable from the properties' future available operating cash flow. In accordance with FASB ASC 606, an allowance should be established to reserve against balances determined to be uncollectible. However, the receivable balances are eliminated as intercompany transactions, and the difference is considered to not be material to the consolidated financial statements.

Advertising costs

The Properties' advertising costs are expensed as incurred and are included in administrative expenses in the consolidated statement of activities.

Property taxes

The Properties are generally exempt from property taxes on residential property. If property taxes are not exempt, they are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional allocation of expenses

The Corporation's program is to provide affordable housing and those costs have been summarized on a functional basis in the table below. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

	Program Services						
	Housing Operations	Housing Development	Resident Services	Subtotal Program Services	Management and General	Fundraising	Total
Administration	$ 1,500,368	$ 109,372	$ 100,169	$ 1,709,909	$ 40,987	$ 46,214	$ 1,797,110
Management fees	634,053	-	-	634,053	-	-	634,053
Salaries and benefits	2,614,985	604,396	401,498	3,620,879	424,223	156,097	4,201,199
Utilities	1,382,133	1,643	2,645	1,386,421	1,167	429	1,388,017
Repars and maintenance	2,286,301	1,818	1,208	2,289,327	1,291	475	2,291,093
Taxes and insurance	622,625	12,878	8,555	644,058	9,145	3,365	656,568
Interest expense	5,448,695	11,297	7,505	5,467,497	8,023	2,952	5,478,472
Depreciation and amortization	8,257,463	12,419	8,250	8,278,132	8,819	3,245	8,290,196
Other entity expense	110,335	-	-	110,335	-	-	110,335
	$ 22,856,958	$ 753,823	$ 529,830	$ 24,140,611	$ 493,655	$ 212,777	$ 24,847,043

Concentration of credit risk

The Corporation maintains various cash balances at one financial institution. The balances in the accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time during the period, the cash balances held at the institution exceeded the FDIC Insurance Limit. Management monitors the financial strength ratings of the institution on a periodic basis.

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by regulatory bodies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

Use of estimates in the preparation of consolidated financial statements

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

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for uncertainty in income taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as other than a private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements.

Even though the Corporation is recognized as tax exempt, it still may be liable for tax on its unrelated business income ("UBI"). The Corporation evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax-exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2021, the Corporation had no uncertain tax positions requiring accrual.

Several of the Properties are 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. These entities' federal tax statuses as pass-through entities are based on their legal status as limited partnerships and limited liability companies. Accordingly, these entities are not required to take any tax positions in order to qualify as pass-through entities. These entities 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 and these entities have no other tax positions which they must consider for disclosure. There has been no interest or penalties recognized in the consolidated statement of activities or Consolidated Statement of Financial Position for the year ended December 31, 2021. Generally, the federal and state returns are subject to examination for three years after the later of the original or extended due date or the date filed with the applicable tax authorities.

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy:

Level 1 - Inputs utilize quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access;
Level 2 - Inputs may include quoted prices for similar assets or liabilities in active markets; and
Level 3 - Unobservable inputs for the asset or liability based on the best available information.

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

Management performed an evaluation of the Corporation's activity through July 14, 2022, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these consolidated financial statements were available to be issued except as disclosed in Notes 6 and 10.

NOTE 2-RESTRICTED CASH

The Properties have various cash balances which are segregated and restricted and consist of resident security deposits, replacement reserves, interest reserves, operating reserves, and other reserves which are required to be maintained by various operating, regulatory, or lending agreements. The Properties' designated restricted cash balances held as of December 31, 2021, consisted of the following:

Operating reserves	$ 2,906,012
Replacement reserves	3,393,809
Security deposits	894,620
Construction reserves	3,426,514
Other reserves	1,360,051
	$11,981,006

NOTE 3-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation manages its liquidity by providing sufficient funds for general expenditures in meeting liabilities and other obligations as they become due and maintains cash and cash equivalents that may be drawn upon as needed during the year to manage cash flow and make necessary expenditures. The Corporation's cash and cash equivalents is available within one year of the statement of financial position date to meet cash needs for general expenditures. The Corporation's available financial assets as of December 31, 2021, consisted of the following:

Cash and cash equivalents	$ 8,004,116
Receivables	804,121
Less: board designated cash	(925,000)
Less: net assets with use restrictions	(145,000)
	$ 7,738,237

The Properties' restricted cash may also be drawn upon in the event of financial distress, to make improvements to the properties or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In addition, the Corporation maintains a line of credit for additional liquidity.

NOTE 4-INVESTMENTS IN UNCONSOLIDATED PARTNERSHIPS

The Corporation and its affiliates hold investments in limited partnerships that are not consolidated. Each partnership is a California limited partnership organized for the purpose of developing and operating low-income housing. As a general partner in the partnerships, the Corporation is contingently liable for the obligations of the partnerships. Pursuant to the terms of the partnership agreements, limited partners are responsible only for initial capital contributions. As a result, the Corporation may be required to arrange for additional funds related to the rehabilitation or operating needs of the partnerships.

The following is a summary of the financial information of Corporation's equity interest in limited partnerships not controlled by the Corporation and accounted for in accordance with the equity method:

Entity	Assets	Liabilities	Income (Loss)	HCHC Equity
La Brea Franklin, LP	$ 2,319,951	$ 7,542,250	$(300,713)	-0-
Palm Vista, LP	14,949,564	11,921,133	8,574	-0-
Western Carlton Apartments, LP	6,493,268	5,597,999	26,851	-0-
Western Carlton II, LP	8,297,241	8,410,842	(381,060)	-0-

NOTE 5-UNAMORTIZED COSTS

Certain Properties incurred costs including California Tax Credit Allocation (TCAC) monitoring fees which are being amortized over 10-15 year terms using the straight-line method.

NOTE 6-MORTGAGES AND NOTES PAYABLE

HCHC Notes

Note payable to Wells Fargo in the original amount of $500,000. The note was amended in 2021, bears simple interest at 2% per annum and matures December 2027. Interest only payments are required quarterly through April 2026. Thereafter, quarterly principal payments of $62,500 are required in addition to interest payments.	$ 500,000
Note payable to City of Los Angeles Housing Department (HCIDLA) in the original amount of $3,132,000. The note bears simple interest at 5% per annum and matures November 2061. Annual payments are due from residual receipts, as defined. The note is secured by a deed of trust on the real property and assignment of rents.	$ 3,132,000
Note payable to the City of Los Angeles in the original amount of $1,113,875. The note bears simple interest at 5% per annum and matures October 2030. Annual payments are due from residual receipts, as defined. The note is secured by a deed of trust on the real property.	$ 1,113,875

NOTE 6-MORTGAGES AND NOTES PAYABLE (CONTINUED)

HCHC Notes (continued)

Note payable to the City of Los Angeles in the original amount of $1,240,715. The note bears simple interest at 5% per annum and matures November 2038. Annual payments are due from 77.54% of residual receipts, as defined. The note is secured by a deed of trust on the real property.	$ 1,190,715
Note payable to City National Bank in the original amount of $400,000. The note is non-interest bearing and matures November 15, 2072. Unpaid amounts are due at the maturity date. The note is secured by a deed of trust on the real property.	$ 400,000
Note payable to City National Bank in the original amount of $480,000. The note is non-interest bearing and matures December 16, 2071. Unpaid amounts are due at the maturity date. The note is secured by a deed of trust on the real property.	$ 480,000
Note payable to Bank of America in the original amount of $530,000. The note is non-interest bearing and matures December 1, 2074. Unpaid amounts are due at the maturity date. The note is secured by a deed of trust on real property.	$ 530,000
Note payable to Nonprofit Finance Fund in the original amount of $1,500,000. The note bears simple interest at 5.50% per annum and matures December 22, 2023.	$ 1,500,000

Principal payments for the next five year and thereafter are approximately as follows:

2022	$ -
2023	1,500,000
2024	-
2025	-
2026	187,500
Thereafter	7,159,090
	$ 8,846,590

Debt issuance costs incurred by the Corporation through December 31, 2021 in connection with obtaining long term financing totaled $15,000. Amortization expense for the year ended December 31, 2021, totaled $5,000 and is included in interest on the statement of activities. Accumulated amortization at December 31, 2021 totaled $5,000.

NOTE 6-MORTGAGES AND NOTES PAYABLE (CONTINUED)

Wholly Owned Entities Notes

Note payable to the City of Los Angeles (Orchard Gables) in the original amount of $1,910,915. The note bears simple interest at 3% per annum and matures January 2031. If the property continues to operate in accordance with the loan agreement, as defined, the lender forgives 5% of any unpaid principal and interest. This determination is made on an annual basis. The note is secured by a deed of trust on the real property.	$ 952,308
Note payable to the City of Los Angeles (Argyle Court) in the original amount of $437,479. The note bears simple interest at 5% per annum and is subject to interest forgiveness at the end of the loan term. The note matures March 2037 or at the time of sale or refinance. The Partnership is required to make annual payments from residual receipts, as defined. The note is secured by a deed of trust on real property.	$ 435,498
Note payable to the City of Los Angeles (Argyle Court) in the original amount of $1,200,000. The note is non-interest bearing and matures March 2037 or at the time of sale or refinance. The Partnership is required to make annual payments from residual receipts, as defined. The note is secured by a deed of trust on the real property.	$ 1,200,000
Note payable to the City of Los Angeles (Argyle Court) in the original amount of $135,000. The note is non-interest bearing and matures at the time of sale or refinance. The Partnership is required to make annual payments from residual receipts, as defined. The note is secured by a deed of trust on the real property.	$ 135,000
Six amortizing notes payable to various lenders at differing amounts. The notes bear interest ranging from 4.09% to 8.45% per annum and have maturity dates ranging from August 2024 to May 2035. The notes are secured by deeds of trust on real property.	$ 5,838,388
Twenty non-amortizing notes payable to various lenders at differing amounts. The notes bear interest ranging from zero to 5% per annum and have maturity dates ranging from August 2028 to April 2061. Principal and interest payments from residual receipts are required, as defined. The notes are secured by deeds of trust on real property.	$ 25,171,812
Two non-amortizing notes payable to HUD under Section 811 of the Housing Act in the original amount of $3,514,300. The notes are non-interest bearing. Notes are subject to loan forgiveness if the properties continue to operate in accordance with the loan agreements.	$ 3,514,300

NOTE 6-MORTGAGES AND NOTES PAYABLE (CONTINUED)

Wholly Owned Entities Notes (continued)

Five non-amortizing notes payable to various lenders at differing amounts. The notes bear interest ranging from zero to 5% per annum and have maturity dates ranging from April 2031 to December 2043. Principal and interest payments from residual receipts are required, as defined. The notes are secured by deeds of trust on real property.	$ 2,712,291
Two notes payable to Century Housing Corporation (Walnut Park) in the original amount of $3,500,000 and $1,500,000. The notes bear compound interest at the LIBOR rate + 4% with a minimum rate of 6.5% per annum due monthly. The note matures October 18, 2022 after extension at which date an unpaid principal and interest are due.	$ 4,414,577
Two notes payable to Low Income Investment Fund (Luna Vista) in the original amount of $750,000 and $3,600,000. The notes bear simple interest at 6.22% and 5.47% per annum due monthly. The notes mature December 2022 after extension at which date an unpaid principal and interest are due.	$ 4,290,787

Principal payments for the next five year and thereafter after eliminations are approximately as follows:

2022	$ 9,000,811
2023	307,327
2024	518,232
2025	321,257
2026	301,577
Thereafter	35,807,874
	$46,257,078

Controlled Limited Partnership Notes

Seven amortizing notes payable to various lenders at differing amounts. The notes bear interest ranging from 4.47% to 6.20% per annum and have maturity dates ranging from August 2030 to November 2054. The notes are secured by deeds of trust on real property.	$ 11,490,369
Two construction notes payable to various lenders at differing amounts. One note has a variable interest rates based on LIBOR and one note has bears interest at 4.60%. Both notes were paid in full with the proceeds of permanent loans and limited partner contributions in 2022.	$ 32,950,817
Fifty-one non-amortizing notes payable to various lenders at differing amounts. The notes bear interest ranging from zero to 6% per annum and have maturity dates ranging from November 2032 to April 2076. Principal and interest payments from residual receipts are required, as defined. The notes are secured by deeds of trust on real property.	$120,588,186

NOTE 6-MORTGAGES AND NOTES PAYABLE (CONTINUED)

Controlled Limited Partnership Notes (continued)

Principal payments for the next five year and thereafter after eliminations are approximately as follows:

2022	$ 33,323,607
2023	415,098
2024	429,536
2025	460,539
2026	477,596
Thereafter	120,749,698
	$ 155,856,074

NOTE 7-GRANT INCOME

The Corporation's affiliate HCHC Palm Vista IIG, LLC was awarded a $4,186,800 grant from the Infill Infrastructure Grant Program with Department of Housing and Community Development, a public agency of the State of California. At December 31, 2021, funds received totaled $471,639 which was utilized to fund a loan to Palm Vista, LP (see Note 8).

NOTE 8-RELATED PARTIES

Development income

The Corporation provides services in connection with the development of various Properties. These contracts are at times subject to investor or regulatory agency approval and performance standards. For the year ended December 31, 2021, development fee revenue before eliminations totaled $2,030,413.

Management and partnership fee income

The Corporation provides services in connection with the management of various Properties. These contracts are at times subject to investor or regulatory agency approval and performance standards. For the year ended December 31, 2021, management fee revenue before eliminations totaled $490,418.

Palm Vista note receivable

The Corporation's affiliate HCHC Palm Vista IIG, LLC has executed a loan agreement with Palm Vista, LP in the maximum amount of $4,186,800, bearing no interest, and maturing in 57 years from issuance of certificates of occupancy (projected to be received in 2023). At December 31, 2021, funds loaned and receivable totaled $471,639.

NOTE 9-RETIREMENT PLAN

Employees of the Corporation may participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement. All employee contributions are immediately vested.

NOTE 10-COMMITMENTS AND CONTINGENCIES

Guarantees

As general partner or managing member of various entities, the Corporation or affiliates have made certain guarantees. Guarantees typically include the following:

- To ensure the completion of project development and obtain permanent financing
- To guaranty the reimbursement of investor limited partner in the event of tax credit recapture
- To lend funds to the partnership to fund any operating deficits during various terms outlined in partnership and debt agreements

As of December 31, 2021, the Corporation had ongoing development completion guaranty agreements on Palm Vista. The estimated development budget is $49 million, of which approximately $14 million was incurred as of December 31, 2021. The Corporation also commenced development on Venice Dell and Washington Boulevard in 2022.

Litigation

The Corporation is subject to lawsuits and claims which arise out of the normal course of its activities. Management believes the disposition of any and all such actions of which it is aware will not have a material effect on the financial position or changes in net assets of the Corporation.

Low-income housing tax credits

Certain Properties received allocations of low-income housing tax credits. The awards of the low-income housing tax credits are contingent on their ability to maintain compliance with applicable Internal Revenue Service tax credit regulations on an ongoing basis. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits. The Corporation or its affiliates, as the general partner, is responsible to ensure that the Properties satisfy such requirements as part of its guarantees, as defined in the partnership agreements.

NOTE 10-COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingent interest

Three Properties (Dunning Apartments, St. Andrews Community, and Argyle Court) have loan and regulatory agreements with the City of Los Angeles which provide for possible forgiveness of interest at the end of the note's 40-year term in the event the fair market value of the property (as defined) exceeds the principal balance of the note plus all superior indebtedness secured against the property. Accordingly, interest on the notes have not been accrued in the accompanying consolidated financial statements because the future fair market value of the property at loan maturity is not expected to be sufficient. At December 31, 2021, the Corporation is contingently liable for the cumulative amount of unpaid interest that could be due on the note, which approximated $3,449,000, if the fair market value of the properties is sufficient at loan maturity.

The deferral provisions related to the accrual of interest expense discussed above, and as stipulated in the respective loan agreements remain in effect only as long as the properties are operated and maintained as low-income housing and the Properties comply with various other provisions of the agreements. In the event that the Properties are not maintained as low-income housing, or if there are other material violations of the loan agreements, the mortgage notes become due and payable. Although this is a possibility, management deems the contingency remote and plans to meet the conditions as set forth in the provisions of the loan agreements.

HOLLYWOOD COMMUNITY HOUSING CORPORATION
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

ASSETS

	HCHC Corp.	Wholly Owned	Controlled Entities	Eliminations	TOTAL
Current assets					
Cash and cash equivalents					
Cash	$ 5,169,077	$ 1,441,535	$ 1,393,504	$ -	$ 8,004,116
Restricted reserves	152,982	3,872,421	7,955,603	-	11,981,006
Total cash and cash equivalents	**5,322,059**	**5,313,956**	**9,349,107**	**-**	**19,985,122**
Resident receivables	146	186,192	376,496	-	562,834
Developer fee receivable, current	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	**5,322,205**	**5,500,148**	**9,725,603**	**-**	**20,547,956**
Property and equipment					
Land	-	6,614,228	29,727,153	-	36,341,381
Buildings and improvements	1,300,234	66,950,462	261,201,219	(9,700,709)	319,751,206
Furniture and equipment	386,367	1,330,050	3,626,722	-	5,343,139
Construction in progress	194,447	11,086,993	100,665	(1,712,986)	9,669,119
	1,881,048	**85,981,733**	**294,655,759**	**(11,413,695)**	**371,104,845**
Less: Accumulated depreciation	(661,948)	(34,724,160)	(29,333,174)	114,283	(64,604,999)
Total property and equipment	**1,219,100**	**51,257,573**	**265,322,585**	**(11,299,412)**	**306,499,846**
Other assets					
Developer fee receivable, non current	6,680,235	-	-	(6,680,235)	-
Pre-development costs receivable	-	-	-	-	-
Grants and contracts receivable	134,527	-	-	-	134,527
Notes and other related party receivables	12,811,016	-	-	(12,704,256)	106,760
Investments in partnerships	4,487,190	162,000	-	(4,463,834)	185,356
Unamortized costs, net	-	-	488,791	-	488,791
Other assets	34,968	82,326	161,621	-	278,915
Total other assets	**24,147,936**	**244,326**	**650,412**	**(23,848,325)**	**1,194,349**
	$ 30,689,241	**$ 57,002,047**	**$ 275,698,600**	**$ (35,147,737)**	**$ 328,242,151**

LIABILITIES AND NET ASSETS

	HCHC Corp.	Wholly Owned	Controlled Entities	Eliminations	TOTAL
Current liabilities					
Accounts payable and accrued expenses	$ 259,572	$ 259,192	$ 3,932,188	$ (14,006)	$ 4,436,946
Accounts payable - construction	-	-	3,134,726	-	3,134,726
Prepaid revenue	11,501	28,203	78,059	-	117,763
Due to affiliates - current	-	-	-	-	-
Accrued interest - current	9,604	-	-	-	9,604
Mortgages and notes payable - current maturities	-	9,000,811	33,323,607	-	42,324,418
Total current liabilities	**280,677**	**9,288,206**	**40,468,580**	**(14,006)**	**50,023,457**
Deposit liabilities					
Security deposits	**6,000**	**308,174**	**553,561**	**-**	**867,735**
Long term liabilities					
Mortgages and notes payable, net of current maturities (amortizing)	-	6,495,249	11,117,579	-	17,612,828
Mortgages and notes payable (non amortizing)	8,846,590	33,168,901	120,635,739	(12,435,104)	150,216,126
Less: Unamortized debt issuance costs	(10,000)	(125,588)	(1,077,781)	-	(1,213,369)
Due to affiliates - long-term	-	3,263,838	889,042	(4,130,679)	22,201
Accrued interest - long-term	-	15,676,127	18,302,532	(743,157)	33,235,502
Developer fee payable	-	51,385	6,692,595	(6,743,980)	-
Total long term liabilities	**8,836,590**	**58,529,912**	**156,559,706**	**(24,052,920)**	**199,873,288**
Total liabilities	**9,123,267**	**68,126,292**	**197,581,847**	**(24,066,926)**	**250,764,480**
Net assets - without donor restrictions					
Controlling interest	21,420,974	(11,124,245)	(1,050,574)	(11,080,811)	(1,834,656)
Non-controlling interest	-	-	79,167,327	-	79,167,327
Net Assets - with donor restrictions	**145,000**	**-**	**-**	**-**	145,000
Total net assets - without donor restrictions	**21,565,974**	**(11,124,245)**	**78,116,753**	**(11,080,811)**	**77,477,671**
	$ 30,689,241	**$ 57,002,047**	**$ 275,698,600**	**$ (35,147,737)**	**$ 328,242,151**

STATEMENTS OF ACTIVITIES

	HCHC Corp.	Wholly Owned	Controlled Entities	Eliminations	TOTAL
Revenues					
Net rental income	$ -	$ 4,809,676	$ 6,999,511	$ -	$ 11,809,187
Contribution income	7,533	-	-	-	7,533
Government contracts and grants	686,626	471,639	-	-	1,158,265
Special events income	21,553	-	-	-	21,553
Development income	2,030,413	-	-	(1,785,413)	245,000
Management and partnership fee income	490,418	-	-	(427,618)	62,800
Interest income, net	105,200	1,503	1,720	(59,113)	49,310
Investment income	22,822	-	-	(22,822)	-
Other income	235,218	224,075	104,125	(163,563)	399,855
Total revenue	**3,599,783**	**5,506,893**	**7,105,356**	**(2,458,529)**	**13,753,503**
Operating expenses					
Administration	391,638	549,418	1,010,827	(163,563)	1,788,320
Management fees	-	269,343	407,537	(42,827)	634,053
Salaries and benefits	2,167,981	909,951	1,132,057	-	4,209,989
Utilities	7,440	568,093	812,484	-	1,388,017
Repairs and maintenance	6,515	1,173,862	1,110,716	-	2,291,093
Taxes and insurance	46,152	216,800	393,616	-	656,568
Total operating expenses	**2,619,726**	**3,687,467**	**4,867,237**	**(206,390)**	**10,968,040**
Income (loss) from operations before debt maintenance and other expenses	**980,057**	**1,819,426**	**2,238,119**	**(2,252,139)**	**2,785,463**
Debt maintenance					
Interest expense	-	1,220,631	4,393,932	(176,578)	5,437,985
Interest expense - other	45,487	-	-	-	45,487
Total debt maintenance	**45,487**	**1,220,631**	**4,393,932**	**(176,578)**	**5,483,472**
Income (loss) from operations before other expenses	**934,570**	**598,795**	**(2,155,813)**	**(2,075,561)**	**(2,698,009)**
Other expenses					
Depreciation and amortization	39,507	1,528,091	6,837,976	(120,378)	8,285,196
Other entity expenses	-	265,760	229,366	(384,791)	110,335
Total other expenses	**39,507**	**1,793,851**	**7,067,342**	**(505,169)**	**8,395,531**
Change in net assets	**$ 895,063**	**$ (1,195,056)**	**$ (9,223,155)**	**$ (1,570,392)**	**$ (11,093,540)**