

BRIDGE Housing Corporation and Affiliates

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

December 31, 2021 and 2020

BRIDGE Housing Corporation and Affiliates

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Independent Auditor's Report

To the Board of Directors
BRIDGE Housing Corporation and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of BRIDGE Housing Corporation, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BRIDGE Housing Corporation's 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 BRIDGE 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 BRIDGE 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information on pages 51 to 62 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of BRIDGE Housing Corporation and Affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BRIDGE Housing Corporation and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRIDGE Housing Corporation and Affiliates' internal control over financial reporting and compliance.



Los Angeles, California
April 28, 2022

BRIDGE Housing Corporation and Affiliates

Consolidated Statements of Financial Position December 31, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 108,186,000	\$ 174,344,000
Accounts receivable - net	9,322,000	7,515,000
Contributions receivable	1,032,000	396,000
Notes receivable	396,000	3,783,000
Prepaid expenses and deposits	3,914,000	5,027,000
Investments	17,355,000	14,460,000
Impounds	2,776,000	2,361,000
	<u>142,981,000</u>	<u>207,886,000</u>
Total current assets		
Noncurrent assets		
Restricted cash and deposits	110,954,000	113,625,000
Accounts receivable - net of current portion	90,000	-
Contributions receivable - net of current portion	971,000	976,000
Notes receivable - net of current portion	9,514,000	18,820,000
Prepaid expenses and deposits - net of current portion	10,734,000	6,641,000
Property and equipment - net	2,841,833,000	2,639,505,000
Deferred costs - net	4,992,000	5,276,000
Right of use assets - leases	48,745,000	-
Land under lease and held for development	4,219,000	4,219,000
Assets held for sale	3,129,000	3,129,000
Other investments	7,381,000	3,972,000
	<u>3,042,562,000</u>	<u>2,796,163,000</u>
Total noncurrent assets		
Total assets	<u>\$ 3,185,543,000</u>	<u>\$ 3,004,049,000</u>

BRIDGE Housing Corporation and Affiliates
Consolidated Statements of Financial Position
December 31, 2021 and 2020

Liabilities and Net Assets

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 81,289,000	\$ 79,688,000
Notes payable	13,895,000	23,307,000
Interest payable	7,690,000	6,185,000
Right of use liabilities - leases	2,542,000	-
Deferred revenues	2,879,000	5,212,000
Security and other deposits	55,000	377,000
	<u>108,350,000</u>	<u>114,769,000</u>
Total current liabilities		
	<u>108,350,000</u>	<u>114,769,000</u>
Noncurrent liabilities		
Accounts payable and accrued expenses - net of current portion	2,050,000	1,976,000
Notes payable - net of current portion	2,111,417,000	2,001,384,000
Interest payable - net of current portion	170,103,000	152,326,000
Right of use liabilities - leases - net of current portion	46,593,000	-
Deferred revenues - net of current portion	2,947,000	3,069,000
Derivative financial instruments	5,891,000	8,986,000
Security and other deposits - net of current portion	9,810,000	7,401,000
	<u>2,348,811,000</u>	<u>2,175,142,000</u>
Total noncurrent liabilities		
	<u>2,348,811,000</u>	<u>2,175,142,000</u>
Total liabilities		
	<u>2,457,161,000</u>	<u>2,289,911,000</u>
Net assets		
Without donor restrictions		
Controlling interests	159,506,000	173,301,000
Non-controlling interests	560,735,000	533,773,000
	<u>720,241,000</u>	<u>707,074,000</u>
Total without donor restrictions		
	<u>720,241,000</u>	<u>707,074,000</u>
With donor restrictions	8,141,000	7,064,000
	<u>8,141,000</u>	<u>7,064,000</u>
Total net assets		
	<u>728,382,000</u>	<u>714,138,000</u>
Total liabilities and net assets		
	<u>\$ 3,185,543,000</u>	<u>\$ 3,004,049,000</u>

See Notes to Consolidated Financial Statements.

BRIDGE Housing Corporation and Affiliates

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

	2021		
	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Developer fees	\$ 15,190,000	\$ -	\$ 15,190,000
Rental income - net of vacancies and concessions	177,116,000	-	177,116,000
Management revenue	7,320,000	-	7,320,000
Contributions	2,238,000	3,672,000	5,910,000
Investment income	955,000	210,000	1,165,000
Other property related	6,654,000	-	6,654,000
Other	4,262,000	-	4,262,000
Net assets released from restrictions	2,805,000	(2,805,000)	-
Total support and revenue	216,540,000	1,077,000	217,617,000
Expenses			
Program services	290,063,000	-	290,063,000
Supporting services	9,125,000	-	9,125,000
Fundraising	875,000	-	875,000
Total expenses	300,063,000	-	300,063,000
Change in net assets	(83,523,000)	1,077,000	(82,446,000)
Net assets, beginning of year	707,074,000	7,064,000	714,138,000
Net capital contribution - non-controlling interest	96,690,000	-	96,690,000
Net assets, end of year	\$ 720,241,000	\$ 8,141,000	\$ 728,382,000
Reconciliation of net assets			
Controlling interest			
Beginning of year			\$ 180,365,000
Change in net assets			(12,718,000)
Total reconciliation of net assets			167,647,000
Non-controlling interest			
Beginning of year			533,773,000
Net capital contributions			96,690,000
Non-controlling interests in limited partnership earnings (losses)			(69,728,000)
Total non-controlling interest			560,735,000
Net assets, end of year			\$ 728,382,000

BRIDGE Housing Corporation and Affiliates

Consolidated Statements of Activities Year Ended December 31, 2020

	2020		
	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Developer fees	\$ 20,308,000	\$ -	\$ 20,308,000
Rental income - net of vacancies and concessions	170,564,000	-	170,564,000
Management revenue	1,331,000	-	1,331,000
Contributions	6,788,000	4,214,000	11,002,000
Investment income	836,000	280,000	1,116,000
Other property related	8,395,000	-	8,395,000
Other	2,576,000	-	2,576,000
Net assets released from restrictions	6,352,000	(6,352,000)	-
Total support and revenue	217,150,000	(1,858,000)	215,292,000
Expenses			
Program services	260,916,000	-	260,916,000
Supporting services	9,947,000	-	9,947,000
Fundraising	878,000	-	878,000
Total expenses	271,741,000	-	271,741,000
Change in net assets	(54,591,000)	(1,858,000)	(56,449,000)
Net assets, beginning of year	661,350,000	8,922,000	670,272,000
Net capital contribution - non-controlling interest	100,315,000	-	100,315,000
Net assets, end of year	\$ 707,074,000	\$ 7,064,000	\$ 714,138,000
Reconciliation of net assets			
Controlling interest			
Beginning of year			\$ 172,847,000
Change in net assets			7,518,000
Total reconciliation of net assets			180,365,000
Non-controlling interest			
Beginning of year			497,425,000
Net capital contributions			100,315,000
Non-controlling interests in limited partnership earnings (losses)			(63,967,000)
Total non-controlling interest			533,773,000
Net assets, end of year			\$ 714,138,000

See Notes to Consolidated Financial Statements.

BRIDGE Housing Corporation and Affiliates

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

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (82,446,000)	\$ (56,449,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	82,258,000	72,787,000
Amortization of permanent loan costs	1,502,000	1,638,000
Amortization expense - right of use leased assets	2,616,000	-
Loss on disposal of property and equipment	259,000	4,530,000
Unrealized gain from investments and derivative financial instruments	(4,740,000)	(1,266,000)
Bad debt	3,725,000	1,991,000
Discount for long-term contributions receivable	-	(46,000)
(Increase) decrease in assets		
Accounts receivable	(4,766,000)	1,096,000
Contributions receivable	(631,000)	991,000
Prepaid expenses and deposits	(651,000)	339,000
Impounds	(415,000)	(72,000)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	746,000	(1,570,000)
Deferred revenues	(2,455,000)	(4,867,000)
Interest payable	19,282,000	16,164,000
Net cash provided by operating activities	<u>14,284,000</u>	<u>35,266,000</u>
Cash flows from investing activities		
Decrease of notes receivable	11,837,000	261,000
Net change in other investments	(3,409,000)	(347,000)
Purchases of marketable securities and investments	(1,250,000)	-
Purchase of property and equipment	(283,070,000)	(347,215,000)
Payment of deferred costs	(464,000)	(357,000)
Net cash used in investing activities	<u>(276,356,000)</u>	<u>(347,658,000)</u>
Cash flows from financing activities		
Proceeds from notes payable	388,245,000	503,225,000
Payment of notes payable	(284,784,000)	(202,419,000)
Payment of debt issuance costs	(4,342,000)	-
Repayments of right of use lease obligations (principal)	(2,566,000)	-
Proceeds from deferred revenue earmarked for development	-	111,000
Payment of syndication costs	(609,000)	(527,000)
Proceeds from capital contributions	97,299,000	100,842,000
Net cash provided by financing activities	<u>193,243,000</u>	<u>401,232,000</u>
Net change in cash, cash equivalents and restricted cash	(68,829,000)	88,840,000
Cash, cash equivalents and restricted cash, beginning	<u>287,969,000</u>	<u>199,129,000</u>
Cash, cash equivalents and restricted cash, end	<u>\$ 219,140,000</u>	<u>\$ 287,969,000</u>
Supplementary information		
Cash paid for interest (net of capitalized portion)	<u>\$ 37,325,000</u>	<u>\$ 32,978,000</u>
Noncash investing and financing activities		
Property and equipment acquired and recorded in accounts payable and accrued expenses	<u>\$ 929,000</u>	<u>\$ 99,000</u>

See Notes to Consolidated Financial Statements.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 1 - Organization and nature of activities

BRIDGE Housing Corporation ("BRIDGE") creates high-quality, affordable homes for working families and seniors. Having participated in the development of over 19,800 homes and with over 7,800 units currently in progress, BRIDGE is among the largest affordable housing developers. BRIDGE builds a range of housing types that not only fit comfortably into their surroundings but also act as a catalyst for revitalizing and strengthening neighborhoods.

BRIDGE is also affiliated with and under common board control with other not-for-profit corporations ("Affiliates") that have been formed either as supporting entities to BRIDGE, or as instruments to further BRIDGE's organizational objectives. These entities, which are included in the consolidated financial statements of BRIDGE and Affiliates in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), are:

BRIDGE Community Impact ("BCI") was formed to fund and provide services to support programs that assist the low- and moderate-income, elderly and disabled households who reside in BRIDGE-related housing developments, and to lessen the burden of local government, combat community deterioration and lessen neighborhood tensions in communities associated with BRIDGE-related housing developments through programs that provide service to the communities.

BRIDGE Property Management Company ("BPMC") is the provider of property and marketing services to rental properties developed or acquired by BRIDGE and Affiliates.

BRIDGE Impact Capital, Inc. ("BRIC") is a Community Development Financial Institution ("CDFI") as designated by the U.S. Department of Treasury. BRIC provides lending for affordable housing development, mortgage assistance programs for low-income families, arranges New Markets Tax Credit funding and is the sole member of HomeBricks NSP LLC and operator of Pacific Home Connection ("PHC"), a taxable not-for-profit entity.

BRIDGE Support Corporation ("BSC") is a not-for-profit established as a support corporation to BRIDGE.

In addition to the entities detailed in the tables below, housing properties and other entities include:

BRIDGE Community Development, Inc. ("BCDI") is a not-for-profit established as a support corporation to BRIDGE. BCDI is the sole managing member of BCDI Subsidiary CDE III, LLC and BCDI Subsidiary CDE IV, LLC, which are providers of community lending for affordable housing. BCDI is the co-managing member of BCDI Subsidiary CDE I, LLC and BCDI Subsidiary CDE II, LLC. In 2021, BCDI Subsidiary CDE II, LLC was dissolved.

BRIDGE Infill Development, Inc. ("BID"), a taxable not-for-profit entity, is a managing member and 2% owner of BRIDGE Urban Infill Land Development, LLC ("BUILD"). BUILD was formed as a partnership with the State of California Public Employees' Retirement System ("CalPERS"). In 2014, a BRIDGE affiliate purchased CalPERS's interest in BUILD, and BUILD is in the process of winding down.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Single-purpose not-for-profit corporations holding a controlling general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing:

General Partner	Limited Partnerships	Marketing Name
BRIDGE Tower, LLC	14th Street Associates	Ironhorse at Central Station
1740 San Pablo Housing, LLC	1740 San Pablo Housing, L.P.	1740 San Pablo
4840 Mission Housing Associates, LLC	4840 Mission Housing Associates, L.P.	4840 Mission
735 Davis Senior BRIDGE, LLC	735 Davis Senior, L.P.	735 Davis
88 Broadway Family BRIDGE, LLC	88 Broadway Family, L.P.	88 Broadway
2065 SW River Parkway, LLC	River Place Phase 2, L.P.	River Place Phase 2
Abigail Manager, LLC	Abigail Housing Associates, L.P.	The Abigail
Alameda Housing, LLC	Alameda Housing Associates, L.P.	Marea Alta
Aloha Alexander, LLC	Aloha Alexander Housing Associates L.P.	Aloha
Anaheim & Walnut GP LLC	Anaheim & Walnut Housing LP	Anaheim & Walnut
Aviara East GP, LLC	Aviara East Housing L.P.	Aviara
BRIDGE SC, LLC	Area F1 Housing Associates, L.P.	Sage Canyon
Site K, Inc.	Armstrong Place Associates	Armstrong Place Senior Housing
AveVista Associates, LLC	AveVista Associates, L.P.	AveVista
Balboa Lee Avenue, LLC	Balboa Lee Avenue, L.P.	Balboa Lee
Bay Meadows Affordable Associates, LLC	Bay Meadows Affordable Associates, L.P.	Bay Meadows
BHC College Park II, LLC	BHC College Park II, L.P.	Ivy at College Park Phase 2
BRIDGE SC, LLC	BHC Sage Park, L.P.	Sage Park
Praxis Partners, LLC	Block 14, L.P.	Sitka Apartments
BRIDGE Berkeley Way, LLC	BRIDGE Berkeley Way, L.P.	Berkeley Way
BASC General Partner, LLC	BRIDGE Aggregate Solar Company, L.P.	BASC
Church Street Housing, Inc.	BRIDGE Grayson Creek Associates	Grayson Creek
BRIDGE New Hampshire, LLC	BRIDGE New Hampshire, L.P.	New Hampshire
BRIDGE Housing Corporation	BRIDGE Paloma Associates LLC	Paloma
BRIDGE Regional Partners, Inc.	BRIDGE Potrero Community Associates, LLC	Potrero Hill Affordable
BRIDGE NorCal Development, Inc.	BRIDGE Triangle Associates, L.P.	The Rivermark
Broadway Tower, Inc.	Broadway Tower Associates, L.P.	Celadon at 9th & Broadway 9%
Broadway Upper Tower, LLC	Broadway Upper Tower Associates, L.P.	Celadon at 9th & Broadway 4%
Northpoint Housing, Inc.	Canal Housing Associates	Belvedere Place
BRIDGE Housing Corp - Southern California	Carmel Valley Housing Associates	Torrey del Mar
BRIDGE Tower, LLC	Carquinez Associates, L.P.	The Carquinez

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

General Partner	Limited Partnerships	Marketing Name
Alto Station, Inc.	Casa Vista Housing, LLC	Casa Vista
Northpoint Housing, Inc.	Chelsea Gardens Associates	Chelsea Gardens
Church Street Housing, Inc.	Church Street Housing Associates	One Church Street
Coggins Square Apartments LLC	Coggins Square Apartments, L.P.	Coggins Apartments
Coggins Square, Inc.	Coggins Square Associates	Coggins Square
COMM22 Housing GP, LLC	COMM22 Family Housing, L.P.	Paseo at COMM22
COMM22 Senior GP, LLC	COMM22 Senior Housing, L.P.	Victoria at COMM22
BRIDGE Housing Corp - Southern California	Copper Creek 4% Housing Associates, L.P.	Copper Creek 4%
BRIDGE Housing Corp - Southern California	Copper Creek 9% Housing Associates, L.P.	Copper Creek 9%
Cornelius Place Manager, LLC	Cornelius Place Housing Associates, L.P.	Cornelius Place
Coronado Springs Cottages GP, LLC	Coronado Springs Cottages, LLP	Coronado Springs Cottages
BRIDGE Housing Corporation	Drake Marin Associates	Doretha Mitchell
Northpoint Housing, Inc.	Fabian Way Associates	Alta Torre
Foothill Farms Senior, LLC	Foothill Farms Associates, L.P.	Foothill Farms
Northpoint Housing, Inc.	Geary Housing Partners, L.P.	The Coronet
Goldcrest Apartments, LLC	Goldcrest Housing Associates L.P.	Goldcrest Apartments
Gough Street Housing, LLC	Gough Street Housing Associates, L.P.	Fell Street Apartments
BRIDGE Tower, LLC	Grand Oak Associates	Grand Oak
Hercules Senior, Inc.	Hercules Senior Housing Associates	The Arbors
Heritage Square II, LLC	Heritage Square II, L.P.	Heritage Square II
Heritage Square Housing, LLC	Heritage Square Housing Partners, L.P.	Heritage Square
Hermann Street Associates LLC	Hermann Street Associates, L.P.	Church Street
BRIDGE Tower, LLC	Irvington Development Group, L.P.	Irvington Terrace
Fell Street Housing, Inc.	Ivy at College Park, L.P.	Ivy at College Park
BRIDGE Tower, LLC	Jennings Avenue Associates	Arroyo Point
John Street Housing, LLC	John Street Housing Associates, L.P.	Pinole Grove Senior Housing
JD Housing 1A, LLC	Jordan Downs 1A, L.P.	Jordan Downs Phase I
Jordan Downs 2B, LLC	Jordan Downs 2B, L.P.	Jordan Downs Phase II
Jordan Downs 3, LLC	Jordan Downs 3, L.P.	Jordan Downs Phase III
Kindred Cortez Hill, LLC	Kindred Cortez Hill, L.P.	Kindred
BRIDGE Tower, LLC	Kentfield Associates	Kentfield
BRIDGE Housing Corp - Southern California	Laguna Canyon Housing Associates	Laguna Canyon
Tressa CM, LLC	Linden 143, LLC	Tressa Apartments
BRIDGE NORCAL, LLC	MacArthur Telegraph Associates, L.P.	Mural Apartments

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

General Partner	Limited Partnerships	Marketing Name
Magnolia SSF, LLC	Magnolia SSF, L.P.	Magnolia Plaza
BRIDGE Tower, LLC	Marina Tower Associates	Marina Tower Apartments
Mayfair Affordable, LLC	Mayfair Affordable Housing, L.P.	Mayfair
Milpitas Housing, Inc.	Milpitas Housing Associates	Montevista Apartments
Nairobi Housing, Inc.	Nairobi Housing Associates	Peninsula Park
474 Natoma, LLC	Natoma Family Housing, L.P.	Natoma
Armstrong Place, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
BRIDGE Bissell, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
BRIDGE Northwest Development, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
BRIDGE Terraza, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
BRIDGE Third Street, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
Chestnut Linden, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
Coronado Springs Tower, LLC	None as of December 31, 2021 and 2020	Coronado Springs Tower
North Beach Housing, Inc.	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
Westpark Housing Corporation	None as of December 31, 2021 and 2020	None as of December 31, 2021 and 2020
BRIDGE Housing Corporation	North Beach Retail Associates, LLC	North Beach Retail Associates, Inc. (NBRA)
Northpoint Housing, Inc.	Northpoint Housing Associates	Northpoint Village Apartments I
Northpoint Housing, Inc.	Northpoint II Housing Associates	Northpoint Village Apartments II
Northside Senior Housing, Inc.	Northside Housing Associates	Mabuhay Court
North Williams Manager, LLC	North Williams Housing Associates, L.P.	North Williams
BRIDGE Housing Corp - Southern California	Northwood Housing Associates, L.P.	Windrow
BRIDGE Northwest Development, Inc.	Nurture 247, L.P.	Ramona Apartments
Crespi Drive, LLC	Oceanview Housing Associates, L.P.	Oceanview
Ohlone Housing, Inc.	Ohlone Housing Associates	Ohlone Court
BRIDGE Housing Corp - Southern California	Poinsettia Housing Associates	Poinsettia Station
Potrero Housing I, LLC	Potrero Housing Associates I, L.P.	Potrero Phase I
Potrero Housing II, LLC	Potrero Housing II Associates, L.P.	Potrero II
Pottery Court, LLC	Pottery Court Housing Associates, L.P.	Pottery Court
Harbour Way, LLC	Richmond Housing Associates, L.P.	Richmond City Center Apartments

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

General Partner	Limited Partnerships	Marketing Name
RiverPlace 3, LLC	RiverPlace 3 Housing, L.P.	RiverPlace
Roberts Avenue, Inc.	Roberts Avenue Senior Housing L.P.	Oak Circle
Alameda Senior, LLC	San Leandro Senior, L.P.	San Leandro Senior
Danville Senior Housing, Inc.	Sanraf Associates	San Rafael Commons
BRIDGE Housing Corp - Southern California	Santa Alicia Family Housing Associates	Santa Alicia
MCB Family Housing, Inc.	St. Joseph's Family Associates, L.P.	Terraza Palmera at St. Joseph's
BRIDGE Tower, LLC	St. Joseph's Senior, L.P.	St. Joseph's Senior Apartments
Strobridge Housing, Inc.	Strobridge Housing Associates	Strobridge Court
BRIDGE SC, LLC	Summerhouse Housing 3, L.P.	Madera Vista Phase 3
Summerhouse Housing, LLC	Summerhouse Housing Associates, L.P.	Madera Vista
San Marcos Family Housing, Inc.	Terra Cotta Housing Associates	Terra Cotta
MCB Family Housing, Inc.	Trestle Glen Associates	Trestle Glen
VM Family LLC	VM Family LP	Vermont Manchester Family
VM Senior LLC	VM Senior LP	Vermont Manchester Senior
BRIDGE Housing Corp - Southern California	White Dove Canyon Housing Associates, L.P.	Dove Canyon
BRIDGE SC, LLC	Woodbury Partners, L.P.	Woodbury Walk
Woodland Park Associates Manager, LLC	Woodland Park Associates, L.P.	Woodland Park

Single-purpose not-for-profit corporations holding a co-general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing (BRIDGE's officers and/or board have a majority control over these entities):

General Partner	Limited Partnerships	Marketing Name
1950 Mission Housing Associates, LLC	1950 Mission Housing Associates, L.P.	1950 Mission
255 Woodside, LLC	255 Woodside Housing Associates, L.P.	255 Woodside
25 Sanchez, LLC	25 Sanchez Housing Associates, L.P.	25 Sanchez
3850 18 th Street, LLC	3850 18 th Street Housing Associates, L.P.	3850 18 th Street
462 Duboce, LLC	462 Duboce Housing Associates, L.P.	462 Duboce
490 SVN Housing Associates, LLC	490 SVN Housing Associates, L.P.	490 SVN
BRIDGE 500 Folsom, LLC	500 Folsom, L.P.	Transbay Block 9
Aleman Housing, LLC	Aleman Housing Associates, L.P.	Aleman
Hope Center Housing, LLC	BFHP Hope Center, L.P.	BFHP Berkeley Way
BRIDGE Housing Ventures, Inc.	Chestnut Linden Associates	Chestnut Linden Court

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

General Partner	Limited Partnerships	Marketing Name
Holly Courts Housing, LLC	Holly Courts Housing Associates, L.P.	Holly Courts
BRIDGE Housing Corporation	Jordan Downs Community Partners, LLC	N/A
Tressa Manager, LLC	Linden 143, LLC	Tressa Apartments
BRIDGE Housing Ventures, Inc.	Mandela Gateway Associates	Mandela Gateway Apartments
BRIDGE Housing Ventures, Inc.	Marina Annex Associates	Marina Tower Annex
Mission Bay 9, LLC	Mission Bay 9, L.P.	Mission Bay
Mission Dolores GP, LLC	Mission Dolores Housing Associates, L.P.	Mission Dolores
BRIDGE Housing Ventures, Inc.	North Beach Housing Associates	North Beach Place
Silverado Creek Housing, Inc.	Silverado Creek Partners	Silverado Creek
Villages at Westview I, LLC	Villages at Westview I, L.P.	Villages at Westview I
Westview Village II, LLC	Westview Village II LP	Westview II
Westview Village III, LLC	Westview Village III LP	Westview III

Single-purpose not-for-profit corporations holding a general partner interest (ranging from .01% to 1%) and limited partner interest (ranging from 99% to 99.99%) in their respective limited partnerships providing affordable housing:

General Partner	Limited Partnerships	Marketing Name
Danville Senior, Inc.	Danville Senior Housing Associates	Sycamore Place
Rotary Valley, Inc.	Rotary Valley Associates	Rotary Valley
Site K, Inc.	South Beach Family Associates	Steamboat Point Apartments
Winfield Hill, LLC	Winfield Hill Associates	Almaden Lake Apartments

Single-purpose not-for-profit corporations holding a co-general partner interest (ranging from .01% to 1%) and co-limited partner interest (ranging from 99% to 99.99%) in their respective limited partnerships providing affordable housing:

General Partner	Limited Partner	Limited Partnerships	Marketing Name
Calistoga Brannan Housing, Inc.	Hunt Avenue, Inc.	Calistoga Brannan Housing Associates	La Pradera
Hunt Avenue, Inc.	Calistoga Brannan Housing, Inc.	Hunt Avenue Associates	Hunt's Grove
Silverado Creek Housing, Inc.	Calistoga Brannon Housing, Inc.	Silverado Creek Partners	Silverado Creek Apartments

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Owners and operators of affordable housing properties:

Not-for-Profit Corporation	Marketing Name
Alto Station, Inc.	Alto Station
Alto Station, Inc.	Pickleweed
Bayview Senior Housing, Inc.	Geraldine Johnson
BLP Partnership, Inc.	The Parkview
BOMH, Inc.	Acorn III
BRIDGE West Oakland Housing, Inc.	Acorn I and II
Brisbane Senior Housing, Inc.	Visitacion Gardens
Chestnut Creek, Inc.	Chestnut Creek
Emeryville Senior Housing, Inc.	Emery Villa
Metro Senior Homes, Inc.	Metro Center
Redwood Shores Senior Housing, Inc.	Redwood Shores

Sole member of limited liability companies that predominantly hold general partner interests in limited partnerships providing affordable housing:

Not-for-Profit Corporation	Limited Liability Company
BRIDGE Economic Development Corporation	16th Street Station, LLC
BRIDGE Housing Corporation	1740 San Pablo Housing, LLC
BRIDGE Northwest Development, Inc.	2065 SW River Parkway, LLC
BRIDGE Homes, Inc.	474 Natoma, LLC
MCB Family Housing, Inc.	735 Davis Senior BRIDGE, LLC
MCB Family Housing, Inc.	88 Broadway Family BRIDGE, LLC
Winfield Hill, Inc.	Abigail Manager, LLC
MCB Family Housing, Inc.	Alameda Housing, LLC
BRIDGE Economic Development Corporation	Alameda Parking, LLC
MCB Family Housing, Inc.	Alameda Senior, LLC
BRIDGE Housing Corporation	Anaheim & Walnut Housing LP
BRIDGE Homes, Inc.	Armstrong Townhomes, LLC
MCB Family Housing, Inc.	AveVista Associates, LLC
BRIDGE Economic Development Corporation	AveVista Commercial, LLC
BRIDGE Housing Corporation	BASC General Partner, LLC
BRIDGE Housing Corporation	Belleau Woods Apartments, LLC
BRIDGE Homes, Inc.	Berry Street, LLC
BRIDGE Housing Corporation	BHC Balboa Builders, LLC
BRIDGE Housing Corp - Southern California	BHC College Park II, LLC
MCB Family Housing, Inc.	BRIDGE 500 Folsom, LLC
BRIDGE Housing Corporation	BRIDGE Berkeley Way, LLC
BRIDGE Housing Corporation	BRIDGE New Hampshire, LP
MCB Family Housing, Inc.	BRIDGE NORCAL, LLC

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Not-for-Profit Corporation	Limited Liability Company
BRIDGE Housing Corporation	BRIDGE Paloma Associates LLC
BRIDGE Housing Corp - Southern California	BRIDGE SC, LLC
Northpoint Housing, Inc.	BRIDGE Tower, LLC
BRIDGE NorCal Development, Inc.	BRIDGE Triangle, LLC
BRIDGE Housing Corp - Southern California	Broadway Upper Tower, LLC
Alto Station, Inc.	Casa Vista Housing, LLC
BRIDGE Housing Corporation	Coggins Square Apartments LLC
BRIDGE Northwest Development, Inc.	Coronado Housing Associates, LLC
BRIDGE Housing Corporation	Coronado Springs Cottages GP, LLC
BRIDGE Northwest Development, Inc.	Coronado Springs Tower LLC
Winfield Hill, Inc.	Crespi Drive, LLC
MCB Family Housing, Inc.	Foothill Farms Senior, LLC
Winfield Hill, Inc.	Harbour Way, LLC
BRIDGE Housing Corp - Southern California	Heritage Square Housing, LLC
BRIDGE Housing Corporation	Heritage Square II, LLC
BRIDGE Housing Corporation	JD Housing 2B, LLC
MCB Family Housing, Inc.	JD Housing I, LLC
BRIDGE Housing Corporation	Jordan Downs 3, LLC
BRIDGE Economic Development Corporation	MacArthur Transit Community Partners, LLC
BRIDGE Economic Development Corporation	Mandela Gateway Commercial, LLC
BRIDGE Homes, Inc.	Mandela Gateway Townhomes, LLC
BRIDGE Housing Corporation	Mayfair Affordable, LLC
BRIDGE Housing Corporation	Northgate Affordable LLC
BRIDGE Northwest Development, Inc.	North Williams Manager, LLC
BRIDGE Northwest Development, Inc.	Port City, LLC
MCB Family Housing, Inc.	Potrero Housing I, LLC
BRIDGE Housing Corp - Southern California	Pottery Court, LLC
BRIDGE Housing Corp - Southern California	Summerhouse Housing, LLC
BRIDGE Housing Corp - Southern California	Tobria Terrace, LLC
MCB Family Housing, Inc.	Tressa CM, LLC
BRIDGE Housing Corporation	VM Family LLC
BRIDGE Housing Corporation	VM Mixed Use LLC
BRIDGE Northwest Development, Inc.	Coronado Housing Associates, LLC

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Co-member of limited liability companies that predominantly hold general partner interests in limited partnerships providing affordable housing:

Not-for-Profit Corporation	Limited Liability Company
MCB Family Housing Inc.	1950 Mission Housing Associates, LLC
Winfield Hill, Inc.	25 Sanchez, LLC
Winfield Hill, Inc.	255 Woodside, LLC
Winfield Hill, Inc.	3850 18th Street, LLC
Winfield Hill, Inc.	462 Duboce, LLC
MCB Family Housing Inc.	490 SVN Housing Associates, LLC
Winfield Hill, Inc.	Aleman Housing, LLC
BRIDGE Housing Corporation	BRIDGE Dublin LLC
BRIDGE Housing Corporation	COMM22 Housing GP, LLC
BRIDGE Housing Corporation	COMM22 Senior GP, LLC
BRIDGE Economic Development Corporation	Comm22, LLC
Winfield Hill, Inc.	Doretha Mitchell Housing, LLC
BRIDGE Housing Corporation	Fruitvale Phase IIB LLC
Fell Street Housing, Inc.	Gough Street Housing, LLC
Winfield Hill, Inc.	Holly Courts Housing, LLC
BRIDGE Housing Corporation	Hope Center LLC
Hercules Senior Housing, Inc.	John Street Housing, LLC
BRIDGE Housing Corporation	Mission Bay 9 LLC
BRIDGE Housing Corporation	North Beach Development Associates, LLC
MCB Family Housing Inc.	Tressa Investment, LLC
MCB Family Housing Inc.	Tressa Manager, LLC
MCB Family Housing Inc.	Villages at Westview 1, LLC

The consolidated financial statements do not include single-purpose not-for-profit corporations and other entities holding a general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing for which BRIDGE's officers and/or board are deemed not to have a majority control, namely:

General Partner	Limited Partnerships	Marketing Name
Bernal Senior Housing Corp.	Bernal Senior Housing Partners	Coleridge Park
Centertown II, LLC	Centertown II, L.P.	Centertown Apartments
Centertown, Inc.	Centertown Associates	Centertown
BRIDGE Los Lirios, LLC	Los Lirios Apartments, L.P.	Los Lirios
BRIDGE Housing Ventures, Inc.	Pacific Oaks Associates	Pacific Oaks
BRIDGE Housing Ventures, Inc.	South San Francisco Magnolia Plaza Associates	Magnolia Plaza
BRIDGE Housing Acquisitions, Inc.	SR Fountains, L.P.	SanRaf
SR Senior Housing, Inc.	SR Senior Housing, Inc.	The Fountains

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 2 - Significant accounting policies

Principles of consolidation

Not-for-profit corporations

The consolidated financial statements include the accounts of BRIDGE and other not-for-profit entities that are commonly controlled by BRIDGE's officers or board of directors, including those not-for-profit entities that are majority controlled by BRIDGE. Other not-for-profit entities, over which BRIDGE does not exercise majority control, are not included in the consolidated financial statements. All material intercompany balances and transactions have been eliminated in the consolidated financial statements.

Limited partnerships/limited liability companies ("LLCs")

Partnerships or LLCs that are controlled by BRIDGE or its affiliated not-for-profit entities are included in the consolidated financial statements.

BRIDGE and Affiliates' partnership interests generally range from .01% to 1.0% and are shown as controlling interests in net assets without donor restrictions. Partners' or members' capital interests generally range from 99% to 99.9% and are presented as noncontrolling interests in net assets without donor restrictions. All material intercompany balances and transactions have been eliminated in the consolidated financial statements.

Partnerships or LLCs over which BRIDGE or its Affiliates exercise significant influence, but do not exercise majority control, are included in the consolidated financial statements using the equity method of accounting. Intercompany balances and transactions are not eliminated under the equity method.

Accounting method

BRIDGE and Affiliates use the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Use of estimates

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

Basis of presentation

The consolidated financial statements are presented in accordance with generally accepted accounting principles, which require that financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Net assets without donor restrictions consist of all resources of BRIDGE and Affiliates that have not been specifically restricted by a donor.

Net assets with donor restrictions

Net assets with donor restrictions consists of cash received or other assets with donor stipulations that limit their use. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Revenue recognition

Developer fees

BRIDGE earns fees for development of properties and generally recognizes the fees as earned over the development period as follows:

30% of each anticipated total developer fee is recorded when the predevelopment phase ends and the construction period begins; however, if BRIDGE receives payment of fees during the predevelopment phase, revenue will be recognized as fees are received but shall not exceed 30% of total anticipated developer fee; and

70% is recorded throughout the construction period based on the percentage of completion as gauged by the general contractor's progress billing.

An allowance of 5% of the fee is reserved until the Internal Revenue Service Form 8609 is obtained, or its equivalent, to signify completion of the development process.

Developer fees paid from property cash flow are recognized when received and eliminated in consolidation.

Rental income

Revenue from resident fees, rents and services is recognized in the period rendered. Rental income is shown at its maximum gross potential. Vacancy loss and concessions are shown as a reduction of rental income. Rental units occupied by employees are included in rental income and as an expense of operations. Most of the rental income is received under short-term residential leases.

Revenue from long-term leases on land is recorded in the period earned, according to lease contract terms. In many situations, rental revenue is payable only from excess cash and is recorded when cash is received. Such intercompany revenue has been eliminated in the consolidated financial statements.

Contributions

Contributions are recognized as revenue when they are unconditionally promised. Noncash contributions are recorded at their estimated fair value when received. Contributions to be received after one year are discounted at an appropriate discount rate when material. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as assets with donor restrictions and assets without donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions restricted for the purpose of long-lived assets are reported as support without donor restrictions when expended for that purpose in the individual financial statements of each affiliated entity, but may be reported as net assets with donor restrictions in the consolidated financial statements.

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. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2021 and 2020, conditional contributions of \$1,251,809 and \$1,405,583,

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

respectively, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Management revenue and related accounts

BRIDGE and Affiliates provide property management, bookkeeping and asset management services. BRIDGE also provides investment management, marketing and other services. Income is earned in accordance with the terms of the agreements and recorded as revenue. Such intercompany revenue has been eliminated in the consolidated financial statements.

Paycheck Protection Program

In conjunction with the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") being passed by Congress in March 2020, BRIDGE applied for a Small Business Administration ("SBA") loan as outlined in the Small Business Debt Relief Program. This program provides immediate relief to small businesses with nondisaster SBA loans. On April 21, 2020, the SBA approved a loan amount of \$5,703,700 for BRIDGE. The loan has a two-year maturity and includes a fixed interest rate of 1% per year until the maturity date. On December 16, 2020, the lender approved BRIDGE's loan forgiveness application, at which time BRIDGE believed all performance measures had been met. The loan of \$5,703,700 was recognized as income by BRIDGE and is included in contributions in the statement of activities for the year ended December 31, 2020. BRIDGE received loan forgiveness approval from the SBA in 2021.

Cash and cash equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. BRIDGE and Affiliates consider all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. BRIDGE has designated certain cash and cash equivalents for the development of affordable homes and for operating and replacement reserves at one of the properties. Donor restricted cash represents amounts received with donor stipulations that limit the use of the donated assets. Not included as cash and cash equivalents are funds restricted as to their use, regardless of liquidity, such as reserves for replacements, operations, debt services, mortgage assistance programs and tenant security deposits. BRIDGE and Affiliates maintain cash on deposit at banks in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including restricted accounts, was approximately \$113,271,000 as of December 31, 2021. BRIDGE and Affiliates have not experienced any losses in such accounts.

Cash and cash equivalents composition amounts are as follows at December 31:

	2021	2020
Undesignated	\$ 54,500,000	\$ 112,769,000
Designated	51,191,000	59,258,000
Donor designated	2,495,000	2,317,000
Total cash and cash equivalents	108,186,000	174,344,000
Restricted cash (Note 8)	110,954,000	113,625,000
Total cash, cash equivalents and restricted cash	\$ 219,140,000	\$ 287,969,000

Fair value of financial assets and liabilities

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of accounts and notes receivable, notes payable, equity investments and financial guarantees

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

because of the nature of such instruments and lack of readily available market information for financial instruments with similar terms.

Investments

Investments are stated at fair value in the statement of financial position. Investment sales and purchases are recorded on a trade-date basis. The realized gains and losses are included in the BRIDGE and Affiliates' statement of activities. Dividend income is recorded based upon the ex-dividend date and interest income is recorded as earned on an accrual basis.

BRIDGE and Affiliates shall be invested in a diversified portfolio, consisting primarily of marketable securities and alternative investments, which may reflect varying rates of return. The asset allocation for the investment portfolio is determined by the trustees with the advice of their investment consultant.

Fair value measurements

Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

Generally accepted accounting principles establish a fair value 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 inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of BRIDGE and Affiliates. Unobservable inputs, if any, reflect BRIDGE and Affiliates' assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 - Valuations based on significant inputs that are observable, either directly or indirectly, or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

	Fair value measurements at December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments measures at NAV	Total
Marketable securities	\$ -	\$ -	\$ -	\$ -	\$ -
BRIDGE's investment in Housing Partnership Insurance Exchange (Note 13)	-	4,246,000	-	-	4,246,000
Multi asset funds	-	-	-	17,355,000	17,355,000
Derivative financial instrument (liability) (Note 17)	-	(5,891,000)	-	-	(5,891,000)
Total	\$ -	\$ (1,645,000)	\$ -	\$ 17,355,000	\$15,710,000
	Fair value measurements at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments measures at NAV	Total
Marketable securities	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
BRIDGE's investment in Housing Partnership Insurance Exchange (Note 13)	-	4,315,000	-	-	4,315,000
Multi asset funds	-	-	-	13,760,000	13,760,000
Derivative financial instrument (liability) (Note 17)	-	(8,986,000)	-	-	(8,986,000)
Total	\$ 700,000	\$ (4,671,000)	\$ -	\$ 13,760,000	\$ 9,789,000

The fair value of the multi-asset funds is determined using the net asset value ("NAV") of shares held. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by fund administrators consider variables such as the financial performance of the underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchange at year-end provides additional observable market inputs of the exit price. BRIDGE reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amount of these financial instruments are reasonable estimates of fair value.

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

The preceding methods may produce a fair value that may not be indicative of realizable fair value or reflective of future fair values. Furthermore, although BRIDGE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the valuation techniques during the current year. The multi-asset funds are measured at NAV per share at December 31, 2021 and 2020:

<u>Investment strategy</u>	<u>2021 Fair value</u>	<u>2020 Fair value</u>	<u>Redemption terms</u>	<u>Redemption restrictions</u>	<u>Redemption restriction in place at year-end</u>
Multi-strategy	\$ 17,355,000	\$ 13,760,000	Quarterly with 45 days notice	None	None

At December 31, 2021, investments of \$17,355,000 were in transit from one investment fund to another, but were fully committed to the new funds and are reflected as investments in the consolidated statements of financial position. There are no unfunded commitments at December 31, 2021 and 2020.

Notes receivable

Notes receivable represent financial assistance provided to qualified home buyers. Loans are stated at unpaid principal balances, less an allowance for loan losses. The loans are collateralized by the properties.

Allowances for uncollectible accounts receivable

The allowances for uncollectible accounts are determined on specific identification basis, based upon management's assessment. Based on an assessment of the customer's current credit worthiness, an estimate of the balance that may not be collected is made. In addition, an amount of estimated credit losses on the aggregate remaining accounts receivable is made based on past collection experience. Once all efforts to collect have been undertaken, the unpaid balance is written off as a charge to the allowance for doubtful accounts or loan losses. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful collections was \$4,606,000 and \$2,246,000 as of December 31, 2021 and 2020, respectively.

Land

Purchased land is carried at cost. Donated land is carried at estimated fair market value at the date of donation. BRIDGE leases most of its land to affiliated affordable housing developments under long-term leases.

Property and equipment, leasehold improvements, and deferred costs

Property and equipment are stated at cost of acquisition, construction or rehabilitation, or fair value if donated. Acquisitions among entities under common control are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance, repair, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

BRIDGE and Affiliates incur costs during the development phase of the affordable housing project undertaken. Such costs include governmental fees, legal and consulting fees, as well as construction costs. BRIDGE and Affiliates record these costs as assets (development in progress) until the housing project is placed in service. Any funds expended on a project that does not pass

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

beyond the development stage are recorded as expenses when activity on the project ceases. Management believes that no material portion of the development in progress is unrealizable at December 31, 2021 and 2020. Development in progress is not depreciated until the completion of the development.

Deferred costs are incurred in order to obtain permanent financing and tax credits for the affordable housing projects. Organization costs are expensed as incurred.

The useful lives of the assets are estimated as follows:

Buildings and improvements	15 to 55 years
Furniture, fixtures and equipment	3 to 12 years
Tax credit costs	10 years

BRIDGE and Affiliates review their investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no material impairment losses recorded in 2021 or 2020.

Capitalized interest

BRIDGE and Affiliates capitalize interest incurred during construction as a component of development in progress and building and improvements costs. BRIDGE and Affiliates capitalized interest of approximately \$4,139,000 and \$4,371,000 in 2021 and 2020, respectively.

Real estate held for sale

Real estate held for sale is presented in the consolidated statement of financial position at the lower of cost or fair market value. No allowance was considered necessary based on management's evaluation of the current market rate for the years ended December 31, 2021 and 2020.

Other investments

Other investments in for-profit entities, taxable not-for-profit entities, and other not-for-profit organizations are recorded using the fair value, cost or equity method of accounting, depending on the level of ownership and control. Investments in affiliated entities that are 100% or majority controlled by BRIDGE are eliminated in the consolidated financial statements.

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.

Accounting for leases

BRIDGE recognizes right of use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term, using the incremental borrowing rate. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

activities. Lease expense is recognized on a straight-line basis over the term of the lease. The options to extend the lease term are not included in the right of use assets and liabilities recorded, when applicable. BRIDGE has elected the practical expedient of not separating components from nonlease components.

Income taxes

BRIDGE is a not-for-profit corporation pursuant to the Internal Revenue Code Section 501(c)(3) and related California code sections and, accordingly, is exempt from federal and state income taxes on related business income. BRIDGE Properties, Inc. ("BPI"), BID, PHC, BCDI Subsidiary CDE III, LLC and BCDI Subsidiary CDE IV, LLC are the only Affiliates that are not tax-exempt. Deferred income taxes do not arise from the operations of these entities in a material amount. The income or loss from the partnerships is reported by the partners on their income tax returns.

No income tax provision has been included in the consolidated financial statements for the single member LLCs, which are generally considered disregarded entities. The income and loss of the LLCs are included in the tax returns of their respective sole members. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the consolidated financial statements.

BRIDGE and Affiliates believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. BRIDGE and Affiliates' federal and state income tax returns for the years 2017 through 2020 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively. While no income tax returns are currently being examined by the Internal Revenue Service, tax years after 2017 remain open. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Guarantees

Generally accepted accounting principles require a liability to be recorded for the fair value of the stand-ready obligation associated with a guarantee issued after December 31, 2002. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control (Note 24).

Allocation of partnership income/loss and tax credits

The affiliated partnerships are generally expected to generate low-income housing tax credits, which will be allocated in the same manner as the income or loss of each affiliated partnership. Because the limited partners' losses are limited to their investments, except when BRIDGE and Affiliates are also the co-general partner and co-limited partner, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in amounts sufficient to absorb the losses. All remaining losses are allocated to the general partners. Any subsequent income allocable to the limited partners is allocated to the general partners first until the general partners' share of that income offsets the losses not previously recognized by the limited partners.

Functional expense allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Program services include all expenses relating to development, management of properties, and resident services. Supporting services consist of management and general expenses.

Related party transactions

Material related party transactions and balances between controlled entities have been eliminated in the consolidated financial statements.

Adoption of new accounting pronouncements

BRIDGE adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on January 1, 2021. Topic 842 requires lessees to recognize a right of use asset and a corresponding lease liability for leases over one year. BRIDGE elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.
- The package of practical expedients permitting BRIDGE to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

BRIDGE made the following adjustments as of the adoption date in connection with transitioning to Topic 842:

	As of January 1, 2021
Right of use assets - leases	\$ 50,881,000
Right of use liabilities - leases	\$ 51,221,000

BRIDGE's adoption of Topic 842 also resulted in a decrease of \$340,000 in deferred rent, which was reclassified to operating lease right of use assets at adoption. BRIDGE recognized no change to opening net assets resulting from the impairment of certain lease right of use assets upon adoption of the new accounting standard.

The adoption of Topic 842 did not have a material impact on BRIDGE's change in net assets for the year ended December 31, 2021.

At December 31, 2021, lease right of use assets amounted to \$48,745,000 and lease right of use liabilities amounted to \$49,135,000.

Finally, BRIDGE has elected and applies the practical expedient to combine nonlease components with their related lease components and account for them as a single combined lease component.

BRIDGE Housing Corporation and Affiliates

**Notes to Consolidated Financial Statements
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Note 3 - Accounts receivable

Accounts receivable consist of the following at December 31:

	2021	2020
Reimbursable costs	\$ 3,492,000	\$ 2,785,000
Rent	9,129,000	6,106,000
Developer fees	90,000	-
Management and consulting fees	1,307,000	870,000
	<u>14,018,000</u>	<u>9,761,000</u>
Less allowance for uncollectible accounts	<u>(4,606,000)</u>	<u>(2,246,000)</u>
	9,412,000	7,515,000
Less current portion	<u>(9,322,000)</u>	<u>(7,515,000)</u>
Noncurrent portion	<u>\$ 90,000</u>	<u>\$ -</u>

Note 4 - Contributions receivable

Contributions receivable consist of future amounts to be received. Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3%. Contributions receivable are comprised of the following as of December 31:

	2021	2020
Project-related	\$ 1,312,000	\$ 1,270,000
Resident programs and services	669,000	80,000
Educational assistance programs	50,000	50,000
Predevelopment funding	<u>-</u>	<u>-</u>
	2,031,000	1,400,000
Less discount for present value	<u>(28,000)</u>	<u>(28,000)</u>
	2,003,000	1,372,000
Less current portion	<u>(1,032,000)</u>	<u>(396,000)</u>
Noncurrent portion	<u>\$ 971,000</u>	<u>\$ 976,000</u>

At December 31, 2021 and 2020, gross undiscounted contributions receivable in less than one year are \$1,032,000 and \$396,000, respectively, and gross undiscounted contributions receivable in one to five years is \$999,000 and \$1,004,000. At December 31, 2021 and 2020, BRIDGE has not provided for an allowance for uncollectible contributions as all amounts are considered fully collectible.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 5 - Notes receivable

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

	2021	2020
Mortgage assistance program	\$ 1,673,000	\$ 1,958,000
QLICI loan	8,160,000	17,302,000
Seller carryback	5,528,000	6,445,000
Other	77,000	423,000
	15,438,000	26,128,000
Less allowance for uncollectible accounts	(5,528,000)	(3,525,000)
	9,910,000	22,603,000
Less current portion	(396,000)	(3,783,000)
Noncurrent portion	\$ 9,514,000	\$ 18,820,000

Mortgage assistance program

BRIDGE and Affiliates established a mortgage assistance program for revolving loan funds to provide financial assistance in the form of subordinated mortgages to qualified homebuyers in low- and moderate-income households in California. The loans bear interest at 4% and mature through 2032.

BRIDGE and Affiliates hold various second mortgage loans associated with a development project in Pinole, California. The loans bear no interest but share in the appreciation of the property. BRIDGE and Affiliates may receive proceeds from the mortgage loans when the property is sold.

Qualified Low-Income Community Investment ("QLICI") Loans

During 2014, a related party of BRIDGE, Chestnut Campus, Inc., a QLICI, entered into a loan with BCDI Subsidiary CDE II, LLC for \$9,120,000 that is to be paid in equal monthly installments of \$20,710 at an interest rate of 2.725% and is due in full by November 20, 2049 with a principal installment of \$1,800,000 due November 20, 2021. Chestnut Campus, Inc. is an owner of land in West Oakland, California on which a charter school was built and is currently operating. In November 2021, a payment of \$2,250,000 was made on the loan and the remaining balance was forgiven. Concurrent with the loan payoff, Chestnut Campus, Inc. was reorganized for the operations and benefit of Envision Education, Inc., a nonaffiliate of BRIDGE. BCDI Subsidiary CDE II, LLC was dissolved in 2021. During 2015, another nonaffiliate of BRIDGE, Loma Linda University, entered into a loan with BCDI Subsidiary CDE I, LLC for \$8,160,000 that is paid in equal monthly installments of \$6,800 at an interest rate of 1% and is due in full by June 1, 2049.

NMTC leveraged loan

During 2014, BRIDGE Housing Ventures, Inc. ("BHVI"), acting as the leveraged lender, loaned \$6,424,850 as part of a New Markets Tax Credit ("NMTC") transaction to the nonaffiliate investment fund of the NMTC transaction. BRIDGE Community Development, Inc. and the nonaffiliate investment fund, are the members of BCDI Subsidiary CDE II, LLC. BHVI funded the leveraged loan by a fundraising campaign of \$2,139,850, land of \$1,335,000 that BHVI held since 2000, an NCCLF grant of \$50,000, and by borrowing funds from Low Income Investment Fund ("LIIF") of \$2,900,000. The leveraged loan is due in equal monthly installment of \$20,613 at an interest rate of

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

3.85% and is due in full by November 20, 2049, with a principal installment of \$1,800,000 due on November 20, 2021. The loan from LIIF was paid in full in November 2021.

Seller note

On October 22, 2021, Centertown II, LP acquired Centertown Apartments from Centertown Associates, LTD. BRIDGE holds a noncontrolling interest in the General Partner of both Centertown, Inc., and the General Partner of the buyer, Centertown II, LLC. As part of the sale, the buyer issued a note in the amount of \$11,056,000 which was subsequently assigned in equal amounts to BRIDGE and the nonaffiliate partner. During 2021, BRIDGE elected to record a 100% allowance against the receivable.

BRIDGE and Affiliates evaluate notes receivable based on the following credit quality indicators: collateral and related versus nonrelated borrowers. These credit quality indicators are updated at least annually. Details about the notes receivable follow:

	2021				
	Collateralized	Uncollateralized	Past Due	Allowance	Net
Related party	\$ 5,528,000	\$ -	\$ -	\$ (5,528,000)	\$ -
Nonrelated party	9,910,000	-	-	-	9,910,000
Total	<u>\$ 15,438,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,528,000)</u>	<u>\$ 9,910,000</u>

	2020				
	Collateralized	Uncollateralized	Past Due	Allowance	Net
Related party	\$ 6,445,000	\$ -	\$ -	\$ (3,525,000)	\$ 2,920,000
Nonrelated party	19,683,000	-	-	-	19,683,000
Total	<u>\$ 26,128,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,525,000)</u>	<u>\$ 22,603,000</u>

Estimated principal payments under these notes to be received for each of the next five years and thereafter subsequent to December 31, 2021 are as follows:

2022	\$ 396,000
2023	456,000
2024	459,000
2025	462,000
2026	465,000
Thereafter	<u>7,672,000</u>
Total	<u>\$ 9,910,000</u>

BRIDGE Housing Corporation and Affiliates**Notes to Consolidated Financial Statements
December 31, 2021 and 2020****Note 6 - Prepaid expenses and deposits**

Prepaid expenses and deposits consist of the following as of December 31:

	2021	2020
Deposits	\$ 2,060,000	\$ 2,210,000
Ground leases	9,766,000	6,045,000
Insurance	806,000	1,316,000
Predevelopment costs	890,000	752,000
Property taxes	273,000	271,000
Other	853,000	1,074,000
	14,648,000	11,668,000
Less current portion	(3,914,000)	(5,027,000)
Noncurrent portion	\$ 10,734,000	\$ 6,641,000

Note 7 - Impounds

Certain properties are required to make deposits to impound accounts to cover property tax and insurance premiums in accordance with the lenders' regulatory agreements. Impound balances as of December 31, 2021 and 2020 were \$2,776,000 and \$2,361,000, respectively.

Note 8 - Restricted cash and deposits

Restricted cash and deposits consist of the following as of December 31:

	2021	2020
Operating reserves	\$ 48,635,000	\$ 48,570,000
Replacement reserves	35,296,000	41,699,000
Tenant security deposits	7,324,000	6,853,000
Debt service accounts	5,651,000	968,000
Residual receipts and other	14,048,000	15,535,000
Total	\$ 110,954,000	\$ 113,625,000

Operating and replacement reserves

BRIDGE and Affiliates are required to maintain operating reserves as well as replacement and repair reserves for property and equipment in accordance with partnership and other lenders' regulatory agreements.

Tenant security deposits

BRIDGE and Affiliates are required to hold security deposits in separate bank accounts in the name of the properties.

Debt service accounts

Certain properties are required to make deposits to debt service accounts to cover mortgage payments.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements
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Residual receipts

BRIDGE and Affiliates are required to deposit excess cash, as generally defined by HUD, into separate bank accounts in accordance with the HUD regulatory agreements.

Note 9 - Property and equipment

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 186,304,000	\$ 194,795,000
Buildings and improvements	2,827,437,000	2,473,278,000
On-site and off-site improvements	179,280,000	168,954,000
Furniture, fixtures and equipment	47,050,000	44,651,000
Rehabilitation in progress	6,800,000	32,160,000
Development in progress	<u>371,115,000</u>	<u>419,445,000</u>
	3,617,986,000	3,333,283,000
Less accumulated depreciation and amortization	<u>(776,153,000)</u>	<u>(693,778,000)</u>
Total	<u><u>\$ 2,841,833,000</u></u>	<u><u>\$ 2,639,505,000</u></u>

Depreciation and amortization of property and equipment totaled \$81,510,000 and \$72,071,000 for the years ended December 31, 2021 and 2020, respectively.

BRIDGE Housing Corporation and Affiliates

**Notes to Consolidated Financial Statements
December 31, 2021 and 2020**

Development in progress is summarized as follows as of December 31:

Property name	2021	2020
Mission Bay	\$ 56,965,000	\$ 32,811,000
La Fenix (1950 Mission)	-	96,598,000
Broadway Cove (88 Broadway)	-	80,372,000
Avanza 490	-	53,395,000
Westview Village - Phase III	41,569,000	10,973,000
Park Place at Jordan Downs	40,116,000	14,043,000
Berkeley Way - BHC Affordable Housing	40,082,000	14,068,000
RiverPlace Phase 2	39,851,000	15,818,000
735 Davis Senior	-	38,785,000
Fruitvale	23,639,000	5,212,000
Berkeley Way - BFHP Perm. Housing	20,980,000	6,286,000
Potrero Phase II Infrastructure	14,892,000	5,267,000
Construction expected to be completed in one year following year end	<u>278,094,000</u>	<u>373,628,000</u>
4840 Mission	21,765,000	6,723,000
Potrero Hill Affordable	11,114,000	10,883,000
Anaheim & Walnut	11,088,000	1,738,000
Balboa Reservoir	5,541,000	5,019,000
Potrero Block B	3,809,000	2,293,000
Jordan Downs	2,759,000	2,846,000
Vermont Manchester	2,409,000	2,647,000
Westview Village - Phase II	1,790,000	1,484,000
1740 San Pablo	1,550,000	-
Cedar & Kettner	1,549,000	-
Amador Station	1,539,000	-
Vermont Manchester Family	1,455,000	-
Vermont Manchester Senior	1,056,000	-
Other	25,597,000	12,184,000
Construction expected to be completed in two or more years following year end	<u>93,021,000</u>	<u>45,817,000</u>
Total	<u><u>\$ 371,115,000</u></u>	<u><u>\$ 419,445,000</u></u>

BRIDGE Housing Corporation and Affiliates**Notes to Consolidated Financial Statements
December 31, 2021 and 2020****Note 10 - Deferred costs**

Deferred costs are summarized as follows as of December 31:

	2021	2020
Tax credit fees	\$ 5,743,000	\$ 5,324,000
City fees	3,638,000	3,638,000
Other	2,319,000	2,650,000
	11,700,000	11,612,000
Less accumulated amortization	(6,708,000)	(6,336,000)
Total	<u>\$ 4,992,000</u>	<u>\$ 5,276,000</u>

Amortization of deferred cost totaled \$748,000 and \$716,000 for the years ended December 31, 2021 and 2020, respectively.

Note 11 - Land under lease, held for development and assets held for sale

BRIDGE leases all of the below land under various long-term leases to affiliates. Terms of the leases range from 55 to 90 years. The land is pledged as security under deeds of trust for the related notes payable or is pledged as security for certain liabilities of the lessees.

Land under lease is summarized as follows as of December 31:

	2021	2020
Livermore, California, donated (1986)	\$ 1,660,000	\$ 1,660,000
San Diego, California, donated (2000)	1,428,000	1,428,000
Foster City, California (1995)	804,000	804,000
Richmond, California (1992)	327,000	327,000
Total	<u>\$ 4,219,000</u>	<u>\$ 4,219,000</u>

BRIDGE and Affiliates own 100% of BUILD's assets. Land held for sale is summarized as follows as of December 31:

	2021	2020
Oakland, California, held for sale	<u>\$ 3,129,000</u>	<u>\$ 3,129,000</u>

Note 12 - Leases

BRIDGE has leases for office space in San Francisco, Newport Beach and Los Angeles, California, and Seattle, Washington, which expire through March 2024. BRIDGE also has ground leases for properties in California which expire through December 2091. Total lease expense for the year ended December 31, 2021 was \$4,798,000. BRIDGE generally does not have access to the rate implicit in the lease, therefore BRIDGE utilized their incremental borrowing rate as the discount rate. The weighted average discount rate used was 3.5%. Lease costs are included in rent and utilities expense classification in functional expenses (Note 20). The required minimum annual cash

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

payments below do not include additional amounts to be paid from operating cash flows of the properties.

Required minimum annual cash payments are as follows:

Ground lease and commercial	
2022	\$ 596,000
2023	597,000
2024	598,000
2025	599,000
2026	600,000
Thereafter	<u>19,749,000</u>
Total required annual cash payments	<u>\$ 22,739,000</u>
Office	
2022	\$ 1,946,000
2023	1,906,000
2024	<u>491,000</u>
Total required annual cash payments	<u>\$ 4,343,000</u>

For the year ended December 31, 2021, operating lease costs for ground lease properties was \$2,814,000, which consists of \$2,566,000 in fixed costs and \$248,000 in variable costs. For the year ended December 31, 2021, cash paid for amounts included in the measurement of lease liabilities for ground lease properties was \$3,641,000. As of December 31, 2021, the weighted average remaining lease term for ground lease properties is 47 years.

For the year ended December 31, 2021, operating lease costs for office space was \$1,984,000, which consists entirely of fixed costs. For the year ended December 31, 2021, cash paid for amounts included in the measurement of lease liabilities for office space was \$2,032,000. As of December 31, 2021, the weighted average remaining lease term for office space is 3 years.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Maturities of lease liabilities are calculated based on the straight-line recognition of rent expense recognized over the term of the lease.

Maturities of lease liabilities are as follows:

Ground lease and commercial		
2022	\$	2,047,000
2023		2,049,000
2024		2,050,000
2025		2,051,000
2026		2,053,000
Thereafter		<u>86,564,000</u>
		96,814,000
Less imputed interest		<u>(51,694,000)</u>
Total	\$	<u><u>45,120,000</u></u>
Office		
2022	\$	1,938,000
2023		1,846,000
2024		<u>445,000</u>
		4,229,000
Less imputed interest		<u>(214,000)</u>
Total	\$	<u><u>4,015,000</u></u>

Note 13 - Other investments

Other investments consist of the following as of December 31:

	2021	2020
Housing Partnership Insurance Exchange ⁽¹⁾	\$ 4,246,000	\$ 4,315,000
Other ⁽²⁾	<u>421,000</u>	<u>421,000</u>
	4,667,000	4,736,000
General and limited partner capital (deficit) interests and membership interests accounted for under the equity method ⁽³⁾	<u>2,714,000</u>	<u>(764,000)</u>
Total	<u><u>\$ 7,381,000</u></u>	<u><u>\$ 3,972,000</u></u>

- ⁽¹⁾ BRIDGE invested in Housing Partnership Insurance Exchange ("HPIEx") for the purpose of gaining access to property and liability insurance for its various development properties from a captive insurance company. BRIDGE invested funds into HPIEx for the purpose of gaining access to worker's compensation insurance from a captive insurance company. The investment is stated at estimated fair value using quoted purchase prices determined by HPIEx (Level 2

BRIDGE Housing Corporation and Affiliates

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input) and represents 14% and 13% of the capital of HPIEx as of December 31, 2021 and 2020, respectively.

- (2) In 2013, BRIDGE invested in Housing Partnership Equity Trust, LLC and Subsidiaries ("HPET") for the purpose of gaining access to social equity for its various development properties. HPET is a real estate investment trust ("REIT") that is specifically authorized to own membership interests in the subsidiaries that acquire ownership interests in various development projects. As of 2021 and 2020, none of BRIDGE's development properties utilized the REIT funding. The investment is stated at cost as of December 31, 2021 and 2020. BRIDGE's share of equity represents 1.2% of the capital in HPET.

In 2015 and 2016, BRIDGE invested in Housing Partnership Select ("Select") for the purpose of gaining access to an industry procurement platform. BRIDGE invested funds into Select for the purpose of combining its purchasing power with other not-for-profit affordable housing developers and owners. BRIDGE elected to write down the value of the investment to zero as of December 31, 2018. BRIDGE invested additional funds in 2019, but elected to write down the value to zero as of December 31, 2020. BRIDGE's share of equity represents 2.8% of the capital in Select.

- (3) BRIDGE's share of the equity as of December 31, 2021 and 2020 was \$2,714,000 and \$(764,000), respectively. Summarized financial information for unconsolidated entities accounted for under the equity method consist of the following as of December 31:

	Unaudited	
	2021	2020
Total assets	\$ 31,895,000	\$ 40,731,000
Total liabilities	86,862,000	98,117,000
Partners' deficit	(54,967,000)	(57,386,000)
Income	40,276,000	15,576,000
Expenses	15,764,000	13,511,000
Results of operations	24,512,000	2,065,000

In addition, the following financial position and activity summarize the entities that are not included in the consolidated financial statements based on BRIDGE's board participation as of December 31:

	Unaudited	
	2021	2020
Total assets	\$ 25,145,000	\$ 6,690,000
Total liabilities	12,695,000	9,433,000
Net assets (deficit)	12,450,000	(2,743,000)
Support and revenue	636,000	1,067,000
Expenses	(5,290,000)	1,282,000
Change in net assets	5,926,000	(215,000)

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 14 - Notes payable

Notes payable are generally secured by the respective properties and consist of the following at December 31:

	2021		2020	
	Interest payable	Principal	Interest payable	Principal
<u>Notes Payable with Regular Payments</u>				
Permanent loans, bearing interest from 0% to 9%, generally with principal and interest due monthly, to be repaid in full through 2071. Interest expense was \$25,112,000 and \$21,885,000 for 2021 and 2020, respectively.	\$ 1,906,000	\$ 592,664,000	\$ 1,637,000	\$ 489,754,000
Construction loans, bearing variable interest, generally with interest only payments due monthly, to be repaid in full or partially converted to permanent loans maturing through 2080. Interest expense net of capitalized amount was \$4,168,000 and \$6,516,000 for 2021 and 2020, respectively.	4,687,000	481,883,000	5,314,000	528,903,000
General Obligation Bond Series 2020, bearing interest of 3.25% per annum, payable semi-annually, principal to be paid in full July 15, 2030. Interest expense was \$3,250,000 and \$199,000 for 2021 and 2020, respectively.	1,489,000	100,000,000	199,000	100,000,000

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

	2021		2020	
	Interest payable	Principal	Interest payable	Principal
Bonds, bearing interest from 2% to 14%, generally with principal and interest paid monthly, to be repaid in full through 2045. Principal payments are generally accumulated in a principal fund held by a trustee. Interest expense was \$1,076,000 and \$1,244,000 for 2021 and 2020, respectively.	1,831,000	28,871,000	1,722,000	29,490,000
Other loans, bearing interest from 0% to 8%, generally with principal and interest due monthly, to be repaid in full through 2073. Interest expense was \$114,000 and \$148,000 for 2021 and 2020, respectively.	963,000	6,550,000	788,000	6,825,000
	10,876,000	1,209,968,000	9,660,000	1,154,972,000
<u>Notes Payable with Annual Payments from Available Excess Cash</u>				
Local loans, bearing interest from 0% to 6%, generally payable out of excess cash annually in arrears, to be repaid in full through 2077. Interest expense was \$13,224,000 and \$12,382,000 for 2021 and 2020, respectively.	102,854,000	625,531,000	91,961,000	589,059,000

BRIDGE Housing Corporation and Affiliates

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	2021		2020	
	<u>Interest payable</u>	<u>Principal</u>	<u>Interest payable</u>	<u>Principal</u>
County loans, bearing interest from 0% to 6.5%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2075. Interest expense was \$2,674,000 and \$2,236,000 for 2021 and 2020, respectively.	16,776,000	90,012,000	15,425,000	82,072,000
State loans, bearing interest from 0% to 4%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2072. Interest expense was \$6,550,000 and \$4,261,000 for 2021 and 2020, respectively.	45,360,000	170,751,000	39,855,000	168,009,000
Ground leases, bearing interest from 0% to 7.5%, generally payable out of excess cash annually in arrears, to be repaid in full through 2117. Interest expense was \$324,000 and \$194,000 for 2021 and 2020, respectively.	1,256,000	11,761,000	1,004,000	13,438,000
Developer fees, bearing interest at 0%, generally payable out of excess cash annually in arrears, to be paid in full through 2034.	-	3,641,000	-	5,123,000
	<u>166,246,000</u>	<u>901,696,000</u>	<u>148,245,000</u>	<u>857,701,000</u>

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

	2021		2020	
	Interest payable	Principal	Interest payable	Principal
<i>Notes Payable with Repayments Due at Maturity</i>				
Federal loans, bearing interest from 0% to 1%, with principal payments generally deferred through 2077, at which time outstanding principal may be forgiven at the lenders' discretion. Interest expense was \$66,000 and \$77,000 for 2021 and 2020, respectively.	671,000	34,032,000	606,000	29,562,000
Total, gross	177,793,000	2,145,696,000	158,511,000	2,042,235,000
Debt issuance costs, net	-	20,384,000	-	17,544,000
Total, net	177,793,000	2,125,312,000	158,511,000	2,024,691,000
Less current portion	7,690,000	13,895,000	6,185,000	23,307,000
Noncurrent portion	<u>\$ 170,103,000</u>	<u>\$ 2,111,417,000</u>	<u>\$ 152,326,000</u>	<u>\$ 2,001,384,000</u>

Total interest expense was \$58,060,000 and \$50,780,000 for 2021 and 2020, respectively, and includes \$1,502,000 and \$1,638,000 of permanent loan cost amortization.

Construction loans are refinanced with permanent debt or repaid from investor capital contributions. BRIDGE and Affiliates obtained written commitments from refinance lenders and/or investors, and represented the balances as part of the long-term debt accordingly.

Principal payments toward notes payable for the next five years are subject to changes in net cash flow, which is a contingency that cannot be reasonably estimated. Estimated minimum required payments for each of the next five years and thereafter subsequent to December 31, 2021 are as follows:

2022	\$ 13,895,000
2023	11,119,000
2024	14,595,000
2025	11,828,000
2026	11,528,000
Thereafter	<u>2,082,731,000</u>
Total notes payable	2,145,696,000
Less debt issuance costs	<u>(20,384,000)</u>
Total notes payable, net of debt issuance costs	<u>\$ 2,125,312,000</u>

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 15 - Lines of credit

In 2012, BRIDGE entered into an unsecured line of credit with US Bank for \$5,000,000, which was increased to \$10,000,000 in 2018. The line of credit bears interest at SOFR plus 2.25% with a modified expiration date of February 28, 2023. At December 31, 2021 and 2020, there were no draws on the line of credit.

Note 16 - Deferred revenue

Deferred revenue consist of the following at December 31:

	2021	2020
Development proceeds	\$ 24,000	\$ 2,091,000
Other	5,802,000	6,190,000
	5,826,000	8,281,000
Less current portion	(2,879,000)	(5,212,000)
Noncurrent portion	\$ 2,947,000	\$ 3,069,000

In connection with the development of certain affordable housing projects, BRIDGE and Affiliates received financing proceeds to pay for related development costs. If all conditions specified in the financing agreements are met, no payments are required. Until then, BRIDGE and Affiliates recorded these proceeds as deferred revenue.

Note 17 - Derivative financial instrument

BRIDGE and Affiliates entered into various interest rate cap/swap master agreements to potentially minimize the effect of changes in the variable interest rate of the loans.

The following table for the years ended December 31, 2021 and 2020 sets forth the detailed changes in fair value for BRIDGE and Affiliates' Level 2 derivative financial instruments:

	2021	2020
Beginning balance	\$ (8,986,000)	\$ (7,769,000)
New derivatives	-	-
Unrealized (loss) gain on derivative financial instrument	3,095,000	(1,217,000)
Ending balance	\$ (5,891,000)	\$ (8,986,000)

The derivative financial instruments held by BRIDGE and Affiliates are stated at fair value using a quoted price provided by the counterparty banks. Counterparty banks' valuation uses various approaches that involve using quoted prices for economically equivalent instruments, or valuation methodologies, assumptions and inputs, which in the case of projected future cash flows, discount such cash flows to a single net present value amount. The valuation is either based on Level 1 inputs directly, or based on the application of valuation models, which may be proprietary, that take into account Level 1, Level 2 and Level 3 inputs. Level 1 and Level 2 inputs are market-based, utilizing observable market data including swap rates, basis rates and currency exchange rates from sources believed to be reliable but which counterparty banks have not independently verified.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Level 3 inputs may be used if counterparty banks determine that Level 1 and Level 2 inputs are unavailable, or in illiquid or dislocated markets, unreliable. In general, those inputs are used to construct interest rate, currency exchange rate, commodity price or other curves that are placed into proprietary valuation models to compute fair value.

Management reviews the reasonableness of counterparty banks' valuations by calculating the net present value of projected future cash flows using the US Daily Interest Rate Data for interest rate swaps as of the valuation date.

Significant assumptions follow:

Term of swap arrangements	13 to 38 years
Average projected variable rate through 2026	1.14% to 3.23%
Discount rate	1.00%

Note 18 - Net assets with donor restrictions and net assets released from restrictions

The major programs for which BRIDGE has received restricted contributions are as follows:

Project-related restricted proceeds - Various companies, agencies and individuals have awarded grants and donations to specific properties for the development of affordable housing. These grants are not to be secured and do not bear interest. These grants are released as the restricted use is met.

Educational assistance programs - Provides scholarships or awards to qualified residents in BRIDGE developments.

Resident programs and services - Programs at BRIDGE properties expand residents' educational opportunities and financial security, provide access to health and wellness resources and services, build community and connect residents to social safety net resources.

Predevelopment funding - Provides funding for predevelopment working capital for new construction projects.

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Net assets with donor restrictions were available for the following purposes:

	December 31, 2020	Contributions/ Investment Income	Releases	December 31, 2021
Project-related restricted proceeds	\$ 347,000	\$ 1,209,000	\$ (1,308,000)	\$ 248,000
Educational assistance programs	3,163,000	550,000	(316,000)	3,397,000
Resident programs and services	431,000	1,159,000	(908,000)	682,000
Predevelopment funding	1,354,000	797,000	(97,000)	2,054,000
Other	1,769,000	167,000	(176,000)	1,760,000
Total	<u>\$ 7,064,000</u>	<u>\$ 3,882,000</u>	<u>\$ (2,805,000)</u>	<u>\$ 8,141,000</u>
	December 31, 2019	Contributions/ Investment Income	Releases	December 31, 2020
Project-related restricted proceeds	\$ 736,000	\$ 2,340,000	\$ (2,729,000)	\$ 347,000
Educational assistance programs	2,705,000	741,000	(283,000)	3,163,000
Resident programs and services	-	851,000	(420,000)	431,000
Predevelopment funding	3,703,000	458,000	(2,807,000)	1,354,000
Other	1,778,000	104,000	(113,000)	1,769,000
Total	<u>\$ 8,922,000</u>	<u>\$ 4,494,000</u>	<u>\$ (6,352,000)</u>	<u>\$ 7,064,000</u>

Restricted net assets includes land required to be used for low-income housing of \$1,660,000 as of December 31, 2021 and 2020, and is included in other restricted net assets.

Note 19 - Endowment

At December 31, 2021, BRIDGE's endowment consists of \$268,000 donor-restricted funds which are included in net assets with donor restrictions. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), BRIDGE has classified as net assets with donor restrictions the fair value of donations restricted by donors which were to be held as endowments in perpetuity. As a result, net assets with donor restrictions include the fair value of the original and subsequent gifts made to the endowment fund and any accumulations required by donor stipulation. An annual amount that the Board determines is prudent is to be used to support specified programs, as defined in the agreement.

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

The primary long-term financial objective for BRIDGE's endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets. The endowment is also managed to optimize the long run total rate of return on invested assets assuming a prudent level of risk. The goal for this rate of return is one that funds BRIDGE's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation. Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

From time to time, certain donor-restricted endowment funds may have fair values less than the principal donation (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. At December 31, 2021, funds with original gifts valued of \$250,000 were included in the net assets with donor restrictions and there were no underwater endowments.

Endowment net assets composition by type of funds as of December 31, 2021, consists of the following:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ 18,000	\$ 250,000	\$ 268,000
Endowment assets, end	\$ -	\$ 18,000	\$ 250,000	\$ 268,000

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose	Perpetual	
Endowment assets, beginning	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	250,000	250,000
Investment gains	-	18,000	-	18,000
Amount appropriated for expenditure	-	-	-	-
Endowment assets, end	\$ -	\$ 18,000	\$ 250,000	\$ 268,000

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

Note 20 - Functional expenses

BRIDGE's functional expenses, displayed by natural expense classifications, for the years ended December 31, 2021 and 2020, are as follows:

2021				
	Program	Support	Fundraising	Total
Salary and related expenses	\$ 34,082,000	\$ 2,884,000	\$ 786,000	\$ 37,752,000
Other administrative expenses	31,225,000	3,497,000	89,000	34,811,000
Rent and utilities expenses	21,083,000	1,391,000	-	22,474,000
Operating and maintenance expenses	42,125,000	15,000	-	42,140,000
Taxes and insurance	9,755,000	93,000	-	9,848,000
Financing expenses (interest)	57,634,000	426,000	-	58,060,000
Depreciation and amortization	82,237,000	21,000	-	82,258,000
Other partnership expense	11,922,000	798,000	-	12,720,000
Total	<u>\$ 290,063,000</u>	<u>\$ 9,125,000</u>	<u>\$ 875,000</u>	<u>\$ 300,063,000</u>
2020				
	Program	Support	Fundraising	Total
Salary and related expenses	\$ 34,544,000	\$ 2,599,000	\$ 780,000	\$ 37,923,000
Other administrative expenses	26,265,000	3,768,000	98,000	30,131,000
Rent and utilities expenses	18,926,000	1,802,000	-	20,728,000
Operating and maintenance expenses	36,046,000	21,000	-	36,067,000
Taxes and insurance	7,461,000	60,000	-	7,521,000
Financing expenses (interest)	49,782,000	998,000	-	50,780,000
Depreciation and amortization	72,722,000	65,000	-	72,787,000
Other partnership expense	15,170,000	634,000	-	15,804,000
Total	<u>\$ 260,916,000</u>	<u>\$ 9,947,000</u>	<u>\$ 878,000</u>	<u>\$ 271,741,000</u>

Note 21 - Employee benefit plans

BRIDGE has employee 403(b) plans, established effective July 1, 1998, covering eligible employees. BRIDGE contributions to the plans consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions and plan costs totaled approximately \$1,631,000 and \$1,601,000 for 2021 and 2020, respectively.

BRIDGE has an employee 457(b) plan, established effective July 1, 2004, covering eligible employees. BRIDGE's contributions are discretionary. Contributions and plan costs totaled approximately \$147,000 and \$151,000 for 2021 and 2020, respectively.

Note 22 - Liquidity

As part of BRIDGE's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition to anticipated obligations, BRIDGE projects capital needed for Development activity and the return of

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

that capital to BRIDGE. Funds are held in short-term deposits or investments with daily liquidity access. In addition to these liquid funds, BRIDGE has arranged for a committed line of credit in the amount of \$10,000,000 which it could draw upon.

BRIDGE's financial assets available within one year to meet cash needs for general expenditures as of December 31, 2021 are as follows:

	2021	2020
Cash and cash equivalents	\$ 108,186,000	\$ 174,344,000
Accounts receivable	9,322,000	7,515,000
Notes receivable	396,000	3,783,000
Contributions receivable	1,032,000	396,000
Short-term investments	17,355,000	14,460,000
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 136,291,000</u>	<u>\$ 200,498,000</u>

Note 23 - Commitments and contingencies

Litigation

BRIDGE and Affiliates are named in various claims and legal actions in the normal course of their activities. Based upon counsel and management's opinion, the outcomes of such matters are not expected to have a material adverse effect on BRIDGE and Affiliates' financial position or changes in net assets.

Letters of credit

As of December 31, 2021 and 2020, BRIDGE has a standby letter of credit with US Bank totaling \$550,000 for the Coronado Tower project.

Surety bonds

In connection with certain project developments, BRIDGE enters into surety bond agreements, which bind BRIDGE to repay the surety company if the contractor is unable to successfully perform on the contract. As of December 31, 2021 and 2020, BRIDGE has outstanding a maximum of \$22,172,000 and \$21,058,000, respectively, in surety bonds.

Property management

Property management on certain properties is contracted with nonaffiliated entities for annual amounts subject to yearly increases.

Grants and loans receivable

In connection with various federal, state and city grants and loan programs, BRIDGE and Affiliates are obligated to operate in accordance with those grant and loan requirements and are subject to audit by those agencies. In cases of noncompliance, the agencies involved may require that BRIDGE and Affiliates refund payment of program funds. The amount, if any, of expenditures that may be disallowed by the agencies cannot be determined at this time, although BRIDGE and Affiliates expect such amounts, if any, to be immaterial.

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Notes to Consolidated Financial Statements December 31, 2021 and 2020

Other

As general partners in various partnerships, BRIDGE and Affiliates may be subject to other liabilities, should the affected partnerships' assets become insufficient to meet their obligations. In the opinion of management, future revenue and the value of the underlying assets of each of these partnerships will be sufficient to meet ongoing and future partnership obligations.

COVID-19

In March 2020, the World Health Organization designated COVID-19 as a pandemic. While BRIDGE has taken various actions in response to the COVID-19 pandemic, the ultimate impact on its results of operations, cash flows, financial condition and liquidity will depend on (i) the duration and severity of the pandemic; (ii) the duration and nature of governmental responses to contain the spread of the disease and assist consumers and businesses; (iii) consumer and business responses to the pandemic, including preference for where and how to live and work; and (iv) how quickly and to what extent normal economic and operating conditions can resume. Due to the rapid development and fluidity of the pandemic, BRIDGE is not able to estimate the expected impact of the COVID-19 pandemic on its future results of operations, cash flows, financial condition, or liquidity. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on operations and has proactively taken steps to minimize the impact on their financial position. In addition, federal and state authorities are continuing to pass legislation in support of rent relief programs, which could reduce the potential for a decrease in rent collection. Furthermore, BRIDGE development projects continue to move forward despite the ongoing pandemic.

Note 24 - Guarantees

BRIDGE issues a variety of guarantees in the course of developing properties. The guarantees are generally issued in favor of limited partner investors or lenders. Guarantees, as of December 31, 2021 and 2020 (except for tax benefits, which are one year in arrears), consist of the following:

	2021	2020
Operating deficits	\$ 29,699,000	\$ 28,169,000
Construction loan repayment and completion	600,109,000	688,984,000
Tax benefits	383,164,000	356,925,000
Other	-	100,000
Total	<u>\$ 1,012,972,000</u>	<u>\$ 1,074,178,000</u>

Operating deficit guarantees

Operating deficit guarantees are commitments to fund future operating deficits of partnerships. The guarantees are issued in favor of limited tax credit partnerships, and generally are for the 15-year period when the investor is expected to hold its limited partner interest, or for shorter periods (for example, until certain debt ratios are achieved). A payment under a guarantee would result in the transfer of cash resources from the guarantor to a consolidated affiliate, resulting in an obligation to repay the advance, usually from future operating cash flow. To date, BRIDGE has not experienced any calls on these guarantees.

Construction loan repayment and completion guarantees

BRIDGE provides repayment guarantees for construction loans used for the development of properties. BRIDGE has also provided construction completion guarantees in favor of certain lenders for the development of properties and lease-up of a project, should the project not receive

BRIDGE Housing Corporation and Affiliates

Notes to Consolidated Financial Statements December 31, 2021 and 2020

expected permanent financing, or should the cost of the development exceed permanent financing received. A payment under such a guarantee would result in the transfer of cash resources from the guarantor to a consolidated affiliate that is obligated to complete a development, resulting in an obligation to repay the advance, usually from future operating cash flow. There are no significant completion delays in BRIDGE current developments. To date, BRIDGE has not experienced noncompletion of a project, nor has it been called on for any loan repayment guarantee.

Tax benefits guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, BRIDGE has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, BRIDGE has not experienced any calls on these guarantees.

Other guarantees

BRIDGE and affiliated not-for-profit organizations are the general partners, co-general partners, members, or co-managing members of various limited partnerships or limited liability companies as disclosed in Note 1. BRIDGE and Affiliates executed various performance guarantees in connection with those limited partnerships or limited liability companies. BRIDGE is obligated to fund various affiliated not-for-profit organizations with equity contributions in the event such guarantees are being called upon. BRIDGE provides loan guarantees for loans used during the predevelopment phase of certain projects. BRIDGE also provided a repayment guarantee on an acquisition loan (LP buyout). To date, BRIDGE has not experienced any calls on these guarantees and considers the occurrence of such events remote.

No stand ready liability has been recorded in connection with the operating deficit, construction loan repayment and completion, tax benefit, or equity contribution guarantees as these are guarantees to entities under common control.

Note 25 - Subsequent events

Management evaluated the activity of BRIDGE through April 28, 2022, the date the consolidated financial statements were available to be issued, and concluded that no other subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to consolidated financial statements.

Supplementary Information

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Financial Position December 31, 2021

<u>Assets</u>	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
Current assets										
Cash and cash equivalents	\$ 44,626,000	\$ 2,711,000	\$ 51,000	\$ 911,000	\$ 9,110,000	\$ 49,637,000	\$ 1,140,000	\$ 108,186,000	\$ -	\$ 108,186,000
Accounts receivable - net	43,192,000	415,000	1,157,000	11,000	329,000	8,622,000	5,206,000	58,932,000	(49,610,000)	9,322,000
Contributions receivable	-	423,000	-	-	-	609,000	-	1,032,000	-	1,032,000
Notes receivable	29,569,000	-	-	142,000	1,323,000	-	254,000	31,288,000	(30,892,000)	396,000
Prepaid expenses and deposits	269,000	-	25,000	20,000	-	3,425,000	175,000	3,914,000	-	3,914,000
Investments	-	2,382,000	-	-	14,973,000	-	-	17,355,000	-	17,355,000
Impounds	-	-	-	-	-	2,776,000	-	2,776,000	-	2,776,000
Total current assets	117,656,000	5,931,000	1,233,000	1,084,000	25,735,000	65,069,000	6,775,000	223,483,000	(80,502,000)	142,981,000
Noncurrent assets										
Restricted cash and deposits	1,872,000	-	-	-	-	108,246,000	836,000	110,954,000	-	110,954,000
Accounts receivable - net of current portion	28,815,000	-	-	-	-	-	3,280,000	32,095,000	(32,005,000)	90,000
Contributions receivable - net of current portion	-	971,000	-	-	-	-	-	971,000	-	971,000
Notes receivable - net of current portion	40,779,000	1,293,000	-	1,531,000	-	6,729,000	78,341,000	128,673,000	(119,159,000)	9,514,000
Prepaid expenses and deposits - net of current portion	1,020,000	-	-	-	-	12,089,000	84,000	13,193,000	(2,459,000)	10,734,000
Property and equipment - net	6,696,000	122,000	-	-	-	2,856,419,000	13,506,000	2,876,743,000	(34,910,000)	2,841,833,000
Deferred costs - net	-	-	-	-	-	5,194,000	26,000	5,220,000	(228,000)	4,992,000
Right of use assets - leases	3,852,000	-	-	-	-	46,158,000	2,529,000	52,539,000	(3,794,000)	48,745,000
Land under lease and held for development	2,464,000	-	-	-	-	-	1,755,000	4,219,000	-	4,219,000
Assets held for sale	-	-	-	-	-	-	3,129,000	3,129,000	-	3,129,000
Other investments	18,320,000	-	-	-	-	-	22,506,000	40,826,000	(33,445,000)	7,381,000
Total noncurrent assets	103,818,000	2,386,000	-	1,531,000	-	3,034,835,000	125,992,000	3,268,562,000	(226,000,000)	3,042,562,000
Total assets	\$ 221,474,000	\$ 8,317,000	\$ 1,233,000	\$ 2,615,000	\$ 25,735,000	\$ 3,099,904,000	\$ 132,767,000	\$ 3,492,045,000	\$ (306,502,000)	\$ 3,185,543,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Financial Position December 31, 2021

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
Liabilities and Net Assets										
Current liabilities										
Accounts payable and accrued expenses	\$ 4,079,000	\$ 790,000	\$ 1,240,000	\$ 28,000	\$ 100,000	\$ 120,386,000	\$ 17,365,000	\$ 143,988,000	\$ (62,699,000)	\$ 81,289,000
Notes payable	400,000	-	-	195,000	-	29,126,000	-	29,721,000	(15,826,000)	13,895,000
Interest payable	1,521,000	-	-	-	-	6,164,000	5,000	7,690,000	-	7,690,000
Right of use liabilities - leases	1,951,000	-	-	-	-	467,000	124,000	2,542,000	-	2,542,000
Deferred revenues	-	-	-	-	-	2,784,000	2,689,000	5,473,000	(2,594,000)	2,879,000
Security and other deposits	-	-	-	-	-	-	55,000	55,000	-	55,000
Total current liabilities	7,951,000	790,000	1,240,000	223,000	100,000	158,927,000	20,238,000	189,469,000	(81,119,000)	108,350,000
Noncurrent liabilities										
Accounts payable and accrued expenses - net of current portion	2,385,000	-	-	322,000	-	26,242,000	5,311,000	34,260,000	(32,210,000)	2,050,000
Notes payable - net of current portion	106,719,000	2,000,000	-	-	-	2,124,643,000	25,117,000	2,258,479,000	(147,062,000)	2,111,417,000
Interest payable - net of current portion	-	41,000	-	66,000	-	178,823,000	4,484,000	183,414,000	(13,311,000)	170,103,000
Right of use liabilities - leases - net of current portion	2,147,000	-	-	-	-	45,835,000	2,405,000	50,387,000	(3,794,000)	46,593,000
Deferred revenues - net of current portion	-	-	-	-	-	3,031,000	-	3,031,000	(84,000)	2,947,000
Derivative financial instrument	-	-	-	-	-	5,891,000	-	5,891,000	-	5,891,000
Security and other deposits - net of current portion	-	-	-	-	-	9,810,000	-	9,810,000	-	9,810,000
Total noncurrent liabilities	111,251,000	2,041,000	-	388,000	-	2,394,275,000	37,317,000	2,545,272,000	(196,461,000)	2,348,811,000
Total liabilities	119,202,000	2,831,000	1,240,000	611,000	100,000	2,553,202,000	57,555,000	2,734,741,000	(277,580,000)	2,457,161,000
Net assets										
Without donor restrictions										
Controlling interests	100,612,000	(626,000)	(7,000)	2,004,000	25,367,000	(703,000)	61,786,000	188,433,000	(28,927,000)	159,506,000
noncontrolling interests	-	-	-	-	-	547,304,000	13,426,000	560,730,000	5,000	560,735,000
Total without donor restrictions	100,612,000	(626,000)	(7,000)	2,004,000	25,367,000	546,601,000	75,212,000	749,163,000	(28,922,000)	720,241,000
With donor restrictions										
Total with donor restrictions	1,660,000	6,112,000	-	-	268,000	101,000	-	8,141,000	-	8,141,000
Total net assets	102,272,000	5,486,000	(7,000)	2,004,000	25,635,000	546,702,000	75,212,000	757,304,000	(28,922,000)	728,382,000
Total liabilities and net assets	\$ 221,474,000	\$ 8,317,000	\$ 1,233,000	\$ 2,615,000	\$ 25,735,000	\$ 3,099,904,000	\$ 132,767,000	\$ 3,492,045,000	\$ (306,502,000)	\$ 3,185,543,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

See Independent Auditor's Report.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Financial Position December 31, 2020

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
<u>Assets</u>										
Current assets										
Cash and cash equivalents	\$ 101,993,000	\$ 2,401,000	\$ 278,000	\$ 772,000	\$ 10,118,000	\$ 57,878,000	\$ 904,000	\$ 174,344,000	\$ -	\$ 174,344,000
Accounts receivable - net	33,932,000	1,000	482,000	-	-	4,653,000	7,507,000	46,575,000	(39,060,000)	7,515,000
Contributions receivable	-	367,000	-	-	-	29,000	-	396,000	-	396,000
Notes receivable	2,467,000	-	-	142,000	1,267,000	-	3,641,000	7,517,000	(3,734,000)	3,783,000
Prepaid expenses and deposits	485,000	-	21,000	20,000	-	4,323,000	178,000	5,027,000	-	5,027,000
Investments	-	2,214,000	-	-	12,246,000	-	-	14,460,000	-	14,460,000
Impounds	-	-	-	-	-	2,361,000	-	2,361,000	-	2,361,000
Total current assets	138,877,000	4,983,000	781,000	934,000	23,631,000	69,244,000	12,230,000	250,680,000	(42,794,000)	207,886,000
Noncurrent assets										
Restricted cash and deposits	-	-	-	19,000	-	112,630,000	976,000	113,625,000	-	113,625,000
Accounts receivable - net of current portion	33,416,000	-	-	-	-	-	6,142,000	39,558,000	(39,558,000)	-
Contributions receivable - net of current portion	-	976,000	-	-	-	-	-	976,000	-	976,000
Notes receivable - net of current portion	30,452,000	1,203,000	-	1,815,000	-	6,024,000	86,732,000	126,226,000	(107,406,000)	18,820,000
Prepaid expenses and deposits - net of current portion	597,000	-	-	-	-	7,821,000	85,000	8,503,000	(1,862,000)	6,641,000
Property and equipment - net	1,339,000	148,000	-	-	-	2,656,791,000	11,520,000	2,669,798,000	(30,293,000)	2,639,505,000
Deferred costs - net	-	-	-	-	-	5,384,000	120,000	5,504,000	(228,000)	5,276,000
Land under lease and held for development	2,464,000	-	-	-	-	-	1,755,000	4,219,000	-	4,219,000
Assets held for sale	-	-	-	-	-	-	3,129,000	3,129,000	-	3,129,000
Other investments	12,774,000	-	-	-	-	-	34,001,000	46,775,000	(42,803,000)	3,972,000
Total noncurrent assets	81,042,000	2,327,000	-	1,834,000	-	2,788,650,000	144,460,000	3,018,313,000	(222,150,000)	2,796,163,000
Total assets	\$ 219,919,000	\$ 7,310,000	\$ 781,000	\$ 2,768,000	\$ 23,631,000	\$ 2,857,894,000	\$ 156,690,000	\$ 3,268,993,000	\$ (264,944,000)	\$ 3,004,049,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Financial Position December 31, 2020

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
<u>Liabilities and Net Assets</u>										
Current liabilities										
Accounts payable and accrued expenses	\$ 3,118,000	\$ 890,000	\$ 788,000	\$ 2,000	\$ -	\$ 111,644,000	\$ 27,832,000	\$ 144,274,000	\$ (64,586,000)	\$ 79,688,000
Notes payable	-	-	-	211,000	-	20,741,000	2,355,000	23,307,000	-	23,307,000
Interest payable	232,000	-	-	-	-	5,948,000	5,000	6,185,000	-	6,185,000
Deferred revenues	-	-	-	-	-	5,038,000	2,837,000	7,875,000	(2,663,000)	5,212,000
Security and other deposits	340,000	-	-	-	-	-	37,000	377,000	-	377,000
Total current liabilities	3,690,000	890,000	788,000	213,000	-	143,371,000	33,066,000	182,018,000	(67,249,000)	114,769,000
Noncurrent liabilities										
Accounts payable and accrued expenses - net of current portion	8,117,000	-	-	323,000	-	26,279,000	-	34,719,000	(32,743,000)	1,976,000
Notes payable - net of current portion	108,379,000	2,000,000	-	195,000	-	1,992,326,000	22,856,000	2,125,756,000	(124,372,000)	2,001,384,000
Interest payable - net of current portion	-	-	-	60,000	-	159,119,000	3,902,000	163,081,000	(10,755,000)	152,326,000
Deferred revenues - net of current portion	-	-	-	-	-	3,154,000	-	3,154,000	(85,000)	3,069,000
Derivative financial instrument	-	-	-	-	-	8,986,000	-	8,986,000	-	8,986,000
Security and other deposits - net of current portion	-	-	-	-	-	7,401,000	-	7,401,000	-	7,401,000
Total noncurrent liabilities	116,496,000	2,000,000	-	578,000	-	2,197,265,000	26,758,000	2,343,097,000	(167,955,000)	2,175,142,000
Total liabilities	120,186,000	2,890,000	788,000	791,000	-	2,340,636,000	59,824,000	2,525,115,000	(235,204,000)	2,289,911,000
Net assets										
Without donor restrictions										
Controlling interests	98,073,000	(874,000)	(7,000)	1,977,000	23,631,000	5,822,000	74,424,000	203,046,000	(29,745,000)	173,301,000
noncontrolling interests	-	-	-	-	-	511,326,000	22,442,000	533,768,000	5,000	533,773,000
Total without donor restrictions	98,073,000	(874,000)	(7,000)	1,977,000	23,631,000	517,148,000	96,866,000	736,814,000	(29,740,000)	707,074,000
With donor restrictions										
Total with donor restrictions	1,660,000	5,294,000	-	-	-	110,000	-	7,064,000	-	7,064,000
Total net assets	99,733,000	4,420,000	(7,000)	1,977,000	23,631,000	517,258,000	96,866,000	743,878,000	(29,740,000)	714,138,000
Total liabilities and net assets	\$ 219,919,000	\$ 7,310,000	\$ 781,000	\$ 2,768,000	\$ 23,631,000	\$ 2,857,894,000	\$ 156,690,000	\$ 3,268,993,000	\$ (264,944,000)	\$ 3,004,049,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

See Independent Auditor's Report.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Activities Year Ended December 31, 2021

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
Support and revenue										
Developer fees	\$ 18,785,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,000	\$ 19,204,000	\$ (4,014,000)	\$ 15,190,000
Rental income - net of vacancies and concessions	237,000	-	-	-	-	176,809,000	365,000	177,411,000	(295,000)	177,116,000
Management revenue	11,074,000	775,000	8,388,000	53,000	1,000,000	189,000	(353,000)	21,126,000	(13,806,000)	7,320,000
Contributions	62,000	3,337,000	-	-	250,000	2,125,000	136,000	5,910,000	-	5,910,000
Interest income	3,160,000	25,000	-	56,000	56,000	831,000	1,886,000	6,014,000	(4,849,000)	1,165,000
Other property related	-	-	-	-	-	6,654,000	-	6,654,000	-	6,654,000
Other	43,000	392,000	50,000	1,000	1,476,000	2,275,000	25,000	4,262,000	-	4,262,000
Total support and revenue	<u>33,361,000</u>	<u>4,529,000</u>	<u>8,438,000</u>	<u>110,000</u>	<u>2,782,000</u>	<u>188,883,000</u>	<u>2,478,000</u>	<u>240,581,000</u>	<u>(22,964,000)</u>	<u>217,617,000</u>
Expenses										
Program services	22,759,000	3,420,000	7,709,000	72,000	776,000	276,739,000	14,496,000	325,971,000	(35,908,000)	290,063,000
Supporting services	7,188,000	43,000	729,000	11,000	2,000	1,017,000	135,000	9,125,000	-	9,125,000
Fundraising	875,000	-	-	-	-	-	-	875,000	-	875,000
Total expenses	<u>30,822,000</u>	<u>3,463,000</u>	<u>8,438,000</u>	<u>83,000</u>	<u>778,000</u>	<u>277,756,000</u>	<u>14,631,000</u>	<u>335,971,000</u>	<u>(35,908,000)</u>	<u>300,063,000</u>
Changes in net assets	2,539,000	1,066,000	-	27,000	2,004,000	(88,873,000)	(12,153,000)	(95,390,000)	12,944,000	(82,446,000)
Net assets, beginning	99,733,000	4,420,000	(7,000)	1,977,000	23,631,000	517,258,000	96,866,000	743,878,000	(29,740,000)	714,138,000
Net capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,317,000</u>	<u>(9,501,000)</u>	<u>108,816,000</u>	<u>(12,126,000)</u>	<u>96,690,000</u>
Net assets, end	<u>\$ 102,272,000</u>	<u>\$ 5,486,000</u>	<u>\$ (7,000)</u>	<u>\$ 2,004,000</u>	<u>\$ 25,635,000</u>	<u>\$ 546,702,000</u>	<u>\$ 75,212,000</u>	<u>\$ 757,304,000</u>	<u>\$ (28,922,000)</u>	<u>\$ 728,382,000</u>

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Activities Year Ended December 31, 2020

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
Support and revenue										
Developer fees	\$ 26,376,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,587,000	\$ 30,963,000	\$ (10,655,000)	\$ 20,308,000
Rental income - net of vacancies and concessions	237,000	-	-	-	-	169,773,000	560,000	170,570,000	(6,000)	170,564,000
Management revenue	12,195,000	1,194,000	7,981,000	58,000	-	918,000	(4,982,000)	17,364,000	(16,033,000)	1,331,000
Contributions	3,975,000	2,946,000	1,526,000	21,000	-	857,000	1,677,000	11,002,000	-	11,002,000
Interest income	1,756,000	43,000	-	67,000	73,000	1,061,000	2,022,000	5,022,000	(3,906,000)	1,116,000
Other property related	-	-	-	-	-	8,395,000	-	8,395,000	-	8,395,000
Other	344,000	236,000	-	61,000	1,910,000	-	25,000	2,576,000	-	2,576,000
Total support and revenue	44,883,000	4,419,000	9,507,000	207,000	1,983,000	181,004,000	3,889,000	245,892,000	(30,600,000)	215,292,000
Expenses										
Program services	24,477,000	3,684,000	8,299,000	221,000	1,193,000	258,378,000	23,962,000	320,214,000	(59,298,000)	260,916,000
Supporting services	7,609,000	43,000	1,208,000	10,000	2,000	928,000	147,000	9,947,000	-	9,947,000
Fundraising	878,000	-	-	-	-	-	-	878,000	-	878,000
Total expenses	32,964,000	3,727,000	9,507,000	231,000	1,195,000	259,306,000	24,109,000	331,039,000	(59,298,000)	271,741,000
Changes in net assets	11,919,000	692,000	-	(24,000)	788,000	(78,302,000)	(20,220,000)	(85,147,000)	28,698,000	(56,449,000)
Net assets, beginning	87,825,000	3,728,000	(7,000)	2,001,000	22,843,000	485,869,000	112,064,000	714,323,000	(44,051,000)	670,272,000
Net capital contributions	(11,000)	-	-	-	-	109,691,000	5,022,000	114,702,000	(14,387,000)	100,315,000
Net assets, end	\$ 99,733,000	\$ 4,420,000	\$ (7,000)	\$ 1,977,000	\$ 23,631,000	\$ 517,258,000	\$ 96,866,000	\$ 743,878,000	\$ (29,740,000)	\$ 714,138,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

See Independent Auditor's Report.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Cash Flows Year Ended December 31, 2021

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
Cash flows from operating activities										
Change in net assets	\$ 2,539,000	\$ 1,066,000	\$ -	\$ 27,000	\$ 2,004,000	\$ (88,873,000)	\$ (12,153,000)	\$ (95,390,000)	\$ 12,944,000	\$ (82,446,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities										
Depreciation and amortization	37,000	83,000	-	-	-	83,057,000	205,000	83,382,000	(1,124,000)	82,258,000
Amortization of permanent loan costs	280,000	-	-	-	-	1,218,000	4,000	1,502,000	-	1,502,000
Amortization expense - right of use leased assets	2,141,000	-	-	-	-	559,000	-	2,700,000	(84,000)	2,616,000
(Gain) loss on disposal of fixed assets	-	-	-	-	-	259,000	-	259,000	-	259,000
Unrealized gain (loss) from investments and derivative financial instruments	-	(168,000)	-	-	(1,477,000)	(3,095,000)	-	(4,740,000)	-	(4,740,000)
Bad debt	1,140,000	-	-	-	-	2,781,000	694,000	4,615,000	(890,000)	3,725,000
Discount for long term contributions receivable	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets										
Accounts receivable	(4,659,000)	(415,000)	(676,000)	(11,000)	(385,000)	(6,750,000)	5,133,000	(7,763,000)	2,997,000	(4,766,000)
Contributions receivable	-	(51,000)	-	-	-	(580,000)	-	(631,000)	-	(631,000)
Prepaid expenses and deposits	(207,000)	-	(5,000)	-	-	(1,058,000)	22,000	(1,248,000)	597,000	(651,000)
Impounds	-	-	-	-	-	(415,000)	-	(415,000)	-	(415,000)
Increase (decrease) in liabilities										
Accounts payable and accrued expenses	(5,702,000)	(100,000)	454,000	25,000	100,000	8,705,000	(5,156,000)	(1,674,000)	2,420,000	746,000
Deferred revenues	-	-	-	-	-	(2,377,000)	(148,000)	(2,525,000)	70,000	(2,455,000)
Interest payable	1,289,000	41,000	-	6,000	-	19,920,000	582,000	21,838,000	(2,556,000)	19,282,000
Net cash provided by (used in) operating activities	(3,142,000)	456,000	(227,000)	47,000	242,000	13,351,000	(10,817,000)	(90,000)	14,374,000	14,284,000
Cash flows from investing activities										
Increase (decrease) of notes receivable	(38,567,000)	(90,000)	-	284,000	-	(705,000)	11,114,000	(27,964,000)	39,801,000	11,837,000
Net (increase) decrease in other investments	(5,546,000)	-	-	-	-	-	11,495,000	5,949,000	(9,358,000)	(3,409,000)
(Purchase) sale of marketable securities and investments	-	-	-	-	(1,250,000)	-	-	(1,250,000)	-	(1,250,000)
Purchase of property and equipment	(4,465,000)	(56,000)	-	-	-	(282,196,000)	(2,094,000)	(288,811,000)	5,741,000	(283,070,000)
Net (increase) decrease in deferred costs	-	-	-	-	-	(461,000)	(3,000)	(464,000)	-	(464,000)
Net cash provided by (used in) investing activities	(48,578,000)	(146,000)	-	284,000	(1,250,000)	(283,362,000)	20,512,000	(312,540,000)	36,184,000	(276,356,000)
Cash flows from financing activities										
Proceeds from notes payable	5,017,000	-	-	-	-	421,744,000	-	426,761,000	(38,516,000)	388,245,000
Payment of notes payable	(6,400,000)	-	-	(211,000)	-	(278,075,000)	(98,000)	(284,784,000)	-	(284,784,000)
Payment of debt issuance costs	(157,000)	-	-	-	-	(4,185,000)	-	(4,342,000)	-	(4,342,000)
Repayments of right of use lease obligations (principal)	(2,235,000)	-	-	-	-	(415,000)	-	(2,650,000)	84,000	(2,566,000)
Proceeds from deferred revenue earmarked for development	-	-	-	-	-	-	-	-	-	-
Payment of syndication costs	-	-	-	-	-	(609,000)	-	(609,000)	-	(609,000)
Proceeds from (distribution of) capital contributions	-	-	-	-	-	118,926,000	(9,501,000)	109,425,000	(12,126,000)	97,299,000
Net cash provided by (used in) financing activities	(3,775,000)	-	-	(211,000)	-	257,386,000	(9,599,000)	243,801,000	(50,558,000)	193,243,000
Net change in cash, cash equivalents and restricted cash	(55,495,000)	310,000	(227,000)	120,000	(1,008,000)	(12,625,000)	96,000	(68,829,000)	-	(68,829,000)
Cash, cash equivalents and restricted cash, beginning	101,993,000	2,401,000	278,000	791,000	10,118,000	170,508,000	1,880,000	287,969,000	-	287,969,000
Cash, cash equivalents and restricted cash, end	\$ 46,498,000	\$ 2,711,000	\$ 51,000	\$ 911,000	\$ 9,110,000	\$ 157,883,000	\$ 1,976,000	\$ 219,140,000	\$ -	\$ 219,140,000
Supplementary information										
Cash paid for interest (net of capitalized portion)	\$ 2,107,000	\$ -	\$ -	\$ -	\$ -	\$ 36,727,000	\$ 198,000	\$ 39,032,000	\$ (1,707,000)	\$ 37,325,000
Noncash investing and financing activities										
Property and equipment acquired and recorded in accounts payable and accrued expenses	\$ 929,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 929,000	\$ -	\$ 929,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Cash Flows Year Ended December 31, 2020

	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp.	Housing properties (1)	Other entities (2)	Subtotal	Eliminations	Total
Cash flows from operating activities										
Change in net assets	\$ 11,919,000	\$ 692,000	\$ -	\$ (24,000)	\$ 788,000	\$ (78,302,000)	\$ (20,220,000)	\$ (85,147,000)	\$ 28,698,000	\$ (56,449,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities										
Depreciation and amortization	83,000	65,000	-	-	-	73,288,000	211,000	73,647,000	(860,000)	72,787,000
Amortization of permanent loan costs	226,000	-	-	-	-	1,407,000	5,000	1,638,000	-	1,638,000
(Gain) loss on disposal of fixed assets	-	-	-	-	-	254,000	4,276,000	4,530,000	-	4,530,000
Unrealized gain (loss) from investments and derivative financial instruments	(336,000)	(237,000)	-	-	(1,910,000)	1,217,000	-	(1,266,000)	-	(1,266,000)
Bad debt	1,818,000	-	-	-	-	1,892,000	56,000	3,766,000	(1,775,000)	1,991,000
Discount for long term contributions receivable	-	(46,000)	-	-	-	-	-	(46,000)	-	(46,000)
(Increase) decrease in assets										
Accounts receivable	(14,716,000)	-	(444,000)	-	(21,000)	3,007,000	(620,000)	(12,794,000)	13,890,000	1,096,000
Contributions receivable	-	1,020,000	-	-	-	(29,000)	-	991,000	-	991,000
Prepaid expenses and deposits	445,000	-	(4,000)	-	-	(39,000)	(1,000)	401,000	(62,000)	339,000
Impounds	-	-	-	-	-	(72,000)	-	(72,000)	-	(72,000)
Increase (decrease) in liabilities										
Accounts payable and accrued expenses	(228,000)	234,000	455,000	-	-	8,951,000	1,142,000	10,554,000	(12,124,000)	(1,570,000)
Deferred revenues	-	-	-	-	-	(4,639,000)	(299,000)	(4,938,000)	71,000	(4,867,000)
Interest payable	102,000	-	-	6,000	-	17,466,000	548,000	18,122,000	(1,958,000)	16,164,000
Net cash provided by (used in) operating activities	(687,000)	1,728,000	7,000	(18,000)	(1,143,000)	24,401,000	(14,902,000)	9,386,000	25,880,000	35,266,000
Cash flows from investing activities										
Increase (decrease) of notes receivable	(8,814,000)	(1,203,000)	-	291,000	-	734,000	(5,097,000)	(14,089,000)	14,350,000	261,000
Net (increase) decrease in other investments	(6,324,000)	-	-	-	-	-	13,153,000	6,829,000	(7,176,000)	(347,000)
(Purchase) sale of marketable securities and investments	-	-	-	-	-	-	-	-	-	-
Purchase of property and equipment	8,178,000	(58,000)	-	-	-	(368,202,000)	5,842,000	(354,240,000)	7,025,000	(347,215,000)
Net (increase) decrease in deferred costs	-	-	-	-	-	(357,000)	-	(357,000)	-	(357,000)
Net cash provided by (used in) investing activities	(6,960,000)	(1,261,000)	-	291,000	-	(367,825,000)	13,898,000	(361,857,000)	14,199,000	(347,658,000)
Cash flows from financing activities										
Proceeds from notes payable	99,800,000	-	-	-	-	429,117,000	-	528,917,000	(25,692,000)	503,225,000
Payment of notes payable	(14,370,000)	-	-	(160,000)	-	(183,428,000)	(4,461,000)	(202,419,000)	-	(202,419,000)
Proceeds from deferred revenue earmarked for development	-	-	-	-	-	-	111,000	111,000	-	111,000
Payment of syndication costs	-	-	-	-	-	(527,000)	-	(527,000)	-	(527,000)
Proceeds from (distribution of) capital contributions	(11,000)	-	-	-	-	110,218,000	5,022,000	115,229,000	(14,387,000)	100,842,000
Net cash provided by (used in) financing activities	85,419,000	-	-	(160,000)	-	355,380,000	672,000	441,311,000	(40,079,000)	401,232,000
Net change in cash, cash equivalents and restricted cash	77,772,000	467,000	7,000	113,000	(1,143,000)	11,956,000	(332,000)	88,840,000	-	88,840,000
Cash, cash equivalents and restricted cash, beginning	24,221,000	1,934,000	271,000	678,000	11,261,000	158,552,000	2,212,000	199,129,000	-	199,129,000
Cash, cash equivalents and restricted cash, end	\$ 101,993,000	\$ 2,401,000	\$ 278,000	\$ 791,000	\$ 10,118,000	\$ 170,508,000	\$ 1,880,000	\$ 287,969,000	\$ -	\$ 287,969,000
Supplementary information										
Cash paid for interest (net of capitalized portion)	\$ 670,000	\$ 41,000	\$ -	\$ -	\$ -	\$ 33,864,000	\$ 713,000	\$ 35,288,000	\$ (2,310,000)	\$ 32,978,000
Noncash investing and financing activities										
Property and equipment acquired and recorded in accounts payable and accrued expenses	\$ 99,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,000	\$ -	\$ 99,000

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes properties that control certain housing property entities.

See Independent Auditor's Report.

BRIDGE Housing Corporation and Affiliates

Consolidating Schedules of Cash Composition Years Ended December 31, 2021 and 2020

2021	BRIDGE Housing Corporation	BRIDGE Community Impact	BRIDGE Property Management Company	BRIDGE Impact Capital	BRIDGE Support Corp. (3)	Housing properties (1)	Other entities (2)	Total
Undesignated	\$ 43,298,000	\$ 243,000	\$ 51,000	\$ 911,000	\$ 9,110,000	\$ 19,000	\$ 868,000	\$ 54,500,000
Designated	1,328,000	-	-	-	-	49,618,000	245,000	51,191,000
Donor designated	-	2,468,000	-	-	-	-	27,000	2,495,000
Total cash and cash	44,626,000	2,711,000	51,000	911,000	9,110,000	49,637,000	1,140,000	108,186,000
Restricted cash and deposits	1,872,000	-	-	-	-	108,246,000	836,000	110,954,000
Total cash, cash equivalents and restricted cash	<u>\$ 46,498,000</u>	<u>\$ 2,711,000</u>	<u>\$ 51,000</u>	<u>\$ 911,000</u>	<u>\$ 9,110,000</u>	<u>\$ 157,883,000</u>	<u>\$ 1,976,000</u>	<u>\$ 219,140,000</u>
2020								
Undesignated	\$ 100,385,000	\$ 150,000	\$ 278,000	\$ 772,000	\$ 10,118,000	\$ 421,000	\$ 645,000	\$ 112,769,000
Designated	1,608,000	-	-	-	-	57,457,000	193,000	59,258,000
Donor designated	-	2,251,000	-	-	-	-	66,000	2,317,000
Total cash and cash equivalents	101,993,000	2,401,000	278,000	772,000	10,118,000	57,878,000	904,000	174,344,000
Restricted cash and deposits	-	-	-	19,000	-	112,630,000	976,000	113,625,000
Total cash, cash equivalents and restricted	<u>\$ 101,993,000</u>	<u>\$ 2,401,000</u>	<u>\$ 278,000</u>	<u>\$ 791,000</u>	<u>\$ 10,118,000</u>	<u>\$ 170,508,000</u>	<u>\$ 1,880,000</u>	<u>\$ 287,969,000</u>

(1) Includes properties owned by separate entities in the form of limited partnerships, limited liability companies, or not-for-profit corporations.

(2) Includes entities that control certain housing property entities.

(3) In addition, BRIDGE affiliates held marketable securities of \$17,355,000 and \$14,460,000 as of December 31, 2021 and 2020, respectively.

See Independent Auditor's Report.

BRIDGE Housing Corporation

Schedules of Financial Position December 31, 2021

2021	Corporate	Predevelopment	Subtotal	Eliminations	BRIDGE Housing Corporation
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 44,439,000	\$ 187,000	\$ 44,626,000	\$ -	\$ 44,626,000
Accounts receivable - net	47,191,000	-	47,191,000	(3,999,000)	43,192,000
Notes receivable	29,569,000	-	29,569,000	-	29,569,000
Prepaid expenses and deposits	157,000	112,000	269,000	-	269,000
Total current assets	121,356,000	299,000	121,655,000	(3,999,000)	117,656,000
Noncurrent assets					
Restricted cash and deposits	1,872,000	-	1,872,000	-	1,872,000
Accounts receivable - net of current portion	28,815,000	-	28,815,000	-	28,815,000
Notes receivable - net of current portion	40,779,000	-	40,779,000	-	40,779,000
Prepaid expenses and deposits - net of current portion	1,020,000	-	1,020,000	-	1,020,000
Property and equipment - net	538,000	6,158,000	6,696,000	-	6,696,000
Right of use assets - leases	3,852,000	-	3,852,000	-	3,852,000
Land under lease and held for development	2,464,000	-	2,464,000	-	2,464,000
Other investments	18,822,000	-	18,822,000	(502,000)	18,320,000
Total noncurrent assets	98,162,000	6,158,000	104,320,000	(502,000)	103,818,000
Total assets	\$ 219,518,000	\$ 6,457,000	\$ 225,975,000	\$ (4,501,000)	\$ 221,474,000
<u>Liabilities and Net Assets</u>					
Current liabilities					
Accounts payable and accrued expenses	\$ 2,993,000	\$ 5,085,000	\$ 8,078,000	\$ (3,999,000)	\$ 4,079,000
Notes payable	400,000	-	400,000	-	400,000
Interest payable	1,521,000	-	1,521,000	-	1,521,000
Right of use liabilities - leases	1,951,000	-	1,951,000	-	1,951,000
Total current liabilities	6,865,000	5,085,000	11,950,000	(3,999,000)	7,951,000
Noncurrent liabilities					
Accounts payable and accrued interest - net of current portion	2,385,000	-	2,385,000	-	2,385,000
Notes payable - net of current portion	105,849,000	870,000	106,719,000	-	106,719,000
Right of use liabilities - leases - net of current portion	2,147,000	-	2,147,000	-	2,147,000
Total noncurrent liabilities	110,381,000	870,000	111,251,000	-	111,251,000
Total liabilities	117,246,000	5,955,000	123,201,000	(3,999,000)	119,202,000
Net assets					
Without donor restrictions: Controlling interests	100,612,000	502,000	101,114,000	(502,000)	100,612,000
With donor restrictions	1,660,000	-	1,660,000	-	1,660,000
Total net assets	102,272,000	502,000	102,774,000	(502,000)	102,272,000
Total liabilities and net assets	\$ 219,518,000	\$ 6,457,000	\$ 225,975,000	\$ (4,501,000)	\$ 221,474,000

BRIDGE Housing Corporation

Schedules of Financial Position December 31, 2020

2020	Corporate	Predevelopment	Subtotal	Eliminations	BRIDGE Housing Corporation
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 101,526,000	\$ 467,000	\$ 101,993,000	\$ -	\$ 101,993,000
Accounts receivable - net	34,367,000	-	34,367,000	(435,000)	33,932,000
Notes receivable	2,467,000	-	2,467,000	-	2,467,000
Prepaid expenses and deposits	385,000	100,000	485,000	-	485,000
Total current assets	138,745,000	567,000	139,312,000	(435,000)	138,877,000
Noncurrent assets					
Accounts receivable - net of current portion	33,416,000	-	33,416,000	-	33,416,000
Notes receivable - net of current portion	30,452,000	-	30,452,000	-	30,452,000
Prepaid expenses and deposits - net of current portion	597,000	-	597,000	-	597,000
Property and equipment - net	173,000	1,166,000	1,339,000	-	1,339,000
Land under lease and held for development	2,464,000	-	2,464,000	-	2,464,000
Other investments	12,774,000	-	12,774,000	-	12,774,000
Total noncurrent assets	79,876,000	1,166,000	81,042,000	-	81,042,000
Total assets	\$ 218,621,000	\$ 1,733,000	\$ 220,354,000	\$ (435,000)	\$ 219,919,000
<u>Liabilities and Net Assets</u>					
Current liabilities					
Accounts payable and accrued expenses	\$ 2,322,000	\$ 1,231,000	\$ 3,553,000	\$ (435,000)	\$ 3,118,000
Interest payable	232,000	-	232,000	-	232,000
Security and other deposits	340,000	-	340,000	-	340,000
Total current liabilities	2,894,000	1,231,000	4,125,000	(435,000)	3,690,000
Noncurrent liabilities					
Accounts payable and accrued interest - net of current portion	8,117,000	-	8,117,000	-	8,117,000
Notes payable - net of current portion	108,379,000	-	108,379,000	-	108,379,000
Total noncurrent liabilities	116,496,000	-	116,496,000	-	116,496,000
Total liabilities	119,390,000	1,231,000	120,621,000	(435,000)	120,186,000
Net assets					
Without donor restrictions: Controlling interests	97,571,000	502,000	98,073,000	-	98,073,000
With donor restrictions	1,660,000	-	1,660,000	-	1,660,000
Total net assets	99,231,000	502,000	99,733,000	-	99,733,000
Total liabilities and net assets	\$ 218,621,000	\$ 1,733,000	\$ 220,354,000	\$ (435,000)	\$ 219,919,000

See Independent Auditor's Report.

BRIDGE Housing Corporation

Schedules of Notes Payable December 31, 2021 and 2020

	2021		2020	
	Interest payable	Principal	Interest payable	Principal
Low Income Investment Fund, with interest of 2% per annum payable annually, secured by a promissory note, due December 1, 2025.	\$ 3,000	\$ 1,600,000	\$ 3,000	\$ 2,000,000
Working capital loan from Google Endeavor LLC for Potrero Projects up to \$10,000,000. The note is due in February 2028.	28,000	4,059,000	-	-
GO Bond Series 2020, with interest of 3.25% per annum, payable semi-annually, principal to be paid in full July 15, 2030.	1,490,000	100,000,000	199,000	100,000,000
Community Development Agency of the City of Foster City, noninterest-bearing, secured primarily by a deed of trust. Principal payments are due annually in an amount equal to rental payments received. The note is due in June 2050, with unpaid balance to be forgiven under certain circumstances.	-	553,000	-	554,000
Wells Fargo Bank, subordinated loan, unsecured, due quarterly installments beginning January 1, 2023, with interest of 2% per annum due monthly.	-	-	30,000	6,000,000
Predevelopment notes payable	-	2,162,000	-	1,203,000
Total, gross	1,521,000	108,374,000	232,000	109,757,000
Debt issuance costs, net	-	1,255,000	-	1,378,000
Total, net	1,521,000	107,119,000	232,000	108,379,000
Less current portion	1,521,000	400,000	232,000	-
Noncurrent portion	\$ -	\$ 106,719,000	\$ -	\$ 108,379,000

See Independent Auditor's Report.

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
BRIDGE Housing Corporation and Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of BRIDGE Housing Corporation and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 28, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

CohnReznick LLP

Los Angeles, California
April 28, 2022



Independent Member of Nexia International

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