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EPISCOPAL HOUSING CORPORATION AND AFFILAITES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors
Episcopal Housing Corporation and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Episcopal Housing Corporation and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Housing Corporation and Affiliates as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Independent Auditor's Report (Continued)

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Episcopal Housing Corporation and Affiliates' 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 Episcopal Housing Corporation and Affiliates' 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.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Episcopal Housing Corporation and Affiliates as of December 31, 2020, were audited by other auditors whose report dated June 23, 2021, expressed an unmodified opinion on those statements.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
May 13, 2022

EPISCOPAL HOUSING CORPORATION AND AFFILIATES
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 2,506,290**	$ 1,795,277
Investments	**360,206**	317,311
Fees and other receivable (short term), net of allowance for doubtful accounts of (2021- $48,111 and 2020 - $44,907)	**1,050,132**	702,019
Rents receivable, net of allowance for doubtful accounts of (2021- $15,021 and 2020 - $10,466)	**6,786**	1,812
Contributions receivable	**65,150**	502,150
Development costs and advances	**2,813**	114,209
Mortgage escrow	**10,768**	20,688
Tenant security deposits held in trust	**17,806**	17,683
Prepaid expenses	**15,353**	32,037
Total Current Assets	**4,035,304**	3,503,186
Property, net of accumulated depreciation and amortization	**4,609,918**	4,782,381
Other Assets		
Cash restricted under agreement with tenant	**186,308**	186,290
Reserve for replacement fund	**68,028**	45,589
Operating reserve fund	**95,755**	95,745
Accrued interest receivable (long term)	**25,743**	17,659
Notes receivable (long term)	**149,721**	149,721
Fees and other receivable (long term)	**269,421**	6,921
Total Other Assets	**794,976**	501,925
Total Assets	**$ 9,440,198**	$ 8,787,492

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 1,009**	$ 101,570
Agency payable	**-0-**	50,000
Deferred developer fees	**-0-**	92,976
Current maturities of long term debt	**11,975**	12,000
Total Current Liabilities	**12,984**	256,546
Non-Current Liabilities		
Tenant security deposit	**19,139**	19,367
Long term debt, net of current maturities	**1,988,600**	2,600,820
Paycheck Protection Program loan	**-0-**	60,217
Total Non-Current Liabilities	**2,007,739**	2,680,404
Total Liabilities	**2,020,723**	2,936,950
Commitments and Contingencies (Notes 10, 14, 17 and 18)		
Net Assets		
Without donor restrictions	**6,754,475**	5,350,542
With donor restrictions	**665,000**	500,000
Total Net Assets	**7,419,475**	5,850,542
Total Liabilities and Net Assets	**$ 9,440,198**	$ 8,787,492

The accompanying notes are an integral part of these consolidated financial statements.

EPISCOPAL HOUSING CORPORATION AND AFFILIATES
Consolidated Statements of Activities
Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Development fees	$ 1,653,065	$ -0-	$ 1,653,065
Grants	-0-	665,000	665,000
Rental income	435,478	-0-	435,478
Net investment return	87,434	-0-	87,434
Government grant	60,217	-0-	60,217
Asset management fees	49,211	-0-	49,211
Contributions	20,958	-0-	20,958
Extinguishment of debt	80,313	-0-	80,313
	2,386,676	665,000	3,051,676
Net assets released from restrictions			
Satisfaction of program restrictions	500,000	(500,000)	-0-
Total Support and Revenue	2,886,676	165,000	3,051,676
Expenses			
Program services	1,293,661	-0-	1,293,661
Supporting services			
Management and general	178,347	-0-	178,347
Fundraising	10,735	-0-	10,735
Total Supporting Services	189,082	-0-	189,082
Total Expenses	1,482,743	-0-	1,482,743
Change in Net Assets	1,403,933	165,000	1,568,933
Net Assets at Beginning of Year	5,350,542	500,000	5,850,542
Net Assets at End of Year	$ 6,754,475	$ 665,000	$ 7,419,475

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Support and Revenue			
Development fees	$ 1,171,911	$ -0-	$ 1,171,911
Grants	5,000	-0-	5,000
Rental income	425,668	-0-	425,668
Net investment return	120,576	-0-	120,576
Government grant	-0-	-0-	-0-
Asset management fees	44,406	-0-	44,406
Contributions	26,845	-0-	26,845
Extinguishment of debt	-0-	-0-	-0-
	1,794,406	-0-	1,794,406
Net assets released from restrictions			
Satisfaction of program restrictions	500,000	(500,000)	-0-
Total Support and Revenue	2,294,406	(500,000)	1,794,406
Expenses			
Program services	1,315,427	-0-	1,315,427
Supporting services			
Management and general	174,735	-0-	174,735
Fundraising	10,308	-0-	10,308
Total Supporting Services	185,043	-0-	185,043
Total Expenses	1,500,470	-0-	1,500,470
Change in Net Assets	793,936	(500,000)	293,936
Net Assets at Beginning of Year	4,556,606	1,000,000	5,556,606
Net Assets at End of Year	$ 5,350,542	$ 500,000	$ 5,850,542

The accompanying notes are an integral part of these consolidated financial statements.

EPISCOPAL HOUSING CORPORATION AND AFFILIATES
Consolidated Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021			
	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	$ 319,658	$ 48,231	$ 6,447	$ 374,336
Payroll taxes	24,587	3,710	496	28,793
Pension	7,883	1,189	159	9,231
Employee benefits	4,181	631	84	4,896
Total personnel expenses	356,309	53,761	7,186	417,256
Grants	500,000	-0-	-0-	500,000
Depreciation and amortization	166,392	10,155	-0-	176,547
Repairs and maintenance	109,008	-0-	-0-	109,008
Occupancy	84,033	5,117	-0-	89,150
Interest	47,113	-0-	-0-	47,113
Professional fees	-0-	31,956	-0-	31,956
Insurance	-0-	24,037	-0-	24,037
Income taxes	-0-	23,835	-0-	23,835
Taxes and licenses	16,000	1,365	-0-	17,365
Office expenses	3,482	7,873	-0-	11,355
Provision for bad debts	8,678	1,309	175	10,162
Telephone	-0-	9,523	-0-	9,523
Advertising	-0-	-0-	3,374	3,374
Travel	-0-	3,210	-0-	3,210
Project investment losses	2,646	-0-	-0-	2,646
Payroll processing	-0-	1,647	-0-	1,647
Minor equipment	-0-	1,631	-0-	1,631
Dues and subscription	-0-	1,426	-0-	1,426
Miscellaneous expenses	-0-	1,502	-0-	1,502
Total expenses by function	$ 1,293,661	$ 178,347	$ 10,735	$ 1,482,743

	2020			
	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	$ 308,471	$ 62,111	$ 6,257	$ 376,839
Payroll taxes	22,779	4,587	462	27,828
Pension	7,332	1,476	149	8,957
Employee benefits	4,008	807	81	4,896
Total personnel expenses	342,590	68,981	6,949	418,520
Grants	500,000	-0-	-0-	500,000
Depreciation and amortization	162,017	10,155	-0-	172,172
Repairs and maintenance	77,138	-0-	-0-	77,138
Occupancy	96,269	3,454	-0-	99,723
Interest	53,544	-0-	-0-	53,544
Professional fees	-0-	32,460	-0-	32,460
Insurance	-0-	19,791	-0-	19,791
Income taxes	-0-	18,972	-0-	18,972
Taxes and licenses	24,319	2,121	-0-	26,440
Office expenses	13,861	4,408	-0-	18,269
Provision for bad debts	16,678	3,358	338	20,374
Telephone	-0-	4,202	-0-	4,202
Advertising	-0-	-0-	3,021	3,021
Travel	-0-	1,779	-0-	1,779
Project investment losses	29,011	-0-	-0-	29,011
Payroll processing	-0-	978	-0-	978
Minor equipment	-0-	3,558	-0-	3,558
Dues and subscription	-0-	-0-	-0-	-0-
Miscellaneous expenses	-0-	518	-0-	518
Total expenses by function	$ 1,315,427	$ 174,735	$ 10,308	$ 1,500,470

The accompanying notes are an integral part of these consolidated financial statements.

EPISCOPAL 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	**$ 1,568,933**	$ 293,936
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debts	**10,162**	20,374
Amortization of debt issuance costs	**-0-**	16,516
Net realized gains on sale of investments	**(8,290)**	(5,010)
Net unrealized gains on investments	**(29,838)**	(7,308)
Depreciation	**176,547**	172,172
Extinguishment of debt	**(80,313)**	-0-
Non-cash government grant (PPP loan)	**(60,217)**	-0-
Donated stock	**-0-**	(780)
Project investment losses	**-0-**	29,011
Changes in operating assets and liabilities:		
Fees and other receivables	**(366,359)**	(622,658)
Rents receivable	**(4,974)**	(985)
Contributions receivable	**437,000**	502,418
Development costs and advances	**111,396**	(68,878)
Notes receivable	**(262,500)**	20,610
Accrued interest receivables	**-0-**	(17,659)
Prepaid expenses	**16,684**	(23,710)
Accounts payable and accrued expenses	**(100,561)**	85,944
Agency payable	**(50,000)**	50,000
Deferred developer fees	**(92,976)**	92,976
Net Cash Provided by Operating Activities	**1,264,694**	536,969
Cash Flows from Investing Activities		
Purchase of marketable securities	**(124,888)**	(4,474)
Proceeds from sales of marketable securities	**120,121**	-0-
Purchases of property	**(504,084)**	(225,874)
Net Cash Used in Investing Activities	**(508,851)**	(230,348)
Cash Flows from Financing Activities		
Change in tenant security deposit liability	**(228)**	1,745
Principal payments on long-term debt	**(31,932)**	(35,517)
Proceeds from Paycheck Protection Program Loan	**-0-**	60,217
Net Cash Provided by (Used in) Financing Activities	**(32,160)**	26,445
Net Increase in Cash, Cash Equivalents and Restricted Cash	**723,683**	333,066
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	**2,161,272**	1,828,206
Cash, Cash Equivalents and Restricted Cash - End of Year	**$ 2,884,955**	$ 2,161,272

	2021	2020
Reconciliation to Cash, Cash Equivalents and Restricted Cash on the Statements of Financial Position		
Cash and cash equivalents	**$ 2,506,290**	$ 1,795,277
Mortgage escrow	**10,768**	20,688
Tenant security deposits held in trust	**17,806**	17,683
Cash restricted under agreement with tenant	**186,308**	186,290
Operating reserve fund	**95,755**	95,745
Reserve for replacement fund	**68,028**	45,589
Cash, Cash Equivalents, and Restricted Cash on the Statements of Cash Flows	**$ 2,884,955**	$ 2,161,272
Supplemental Disclosures of Cash Flow Information:		
Interest paid	**$ 47,113**	$ 19,187
Income taxes paid	**$ 23,958**	$ 18,972
Noncash Investing and Financing Activities		
Purchase of property	**$ 4,084**	$ 725,874
Change in property-related long term debt	**500,000**	(500,000)
Net cash paid for property (included in net cash provided by investing activities)	**$ 504,084**	$ 225,874

The accompanying notes are an integral part of these consolidated financial statements.

Note 1: Nature of Organization and Summary of Significant Accounting Policies

These consolidated financial statements include the accounts of Episcopal Housing Corporation and its wholly-owned affiliates (collectively referred to as the Organization).

Episcopal Housing Corporation (EHC) is a non-stock, charitable organization exempt from federal income tax under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3). EHC was incorporated on March 30, 1995, in the State of Maryland.

EHC's mission is to respond to God's call to establish justice for the most in need by building affordable housing and creating the foundations for healthy and sustainable communities. Since its incorporation, EHC has been the developer and/or agent for other organizations in the acquisition, construction, and renovation of residential housing and community facilities.

On July 25, 2012, EHC formed 3401 Ashburton, LLC (Ashburton) as a wholly-owned affiliate of EHC. Ashburton was established exclusively for the purpose of providing affordable low-income housing, for those in need. Ashburton is subject to a Section 8 Housing Assistance Payments (HAP) agreement with the Department of Housing and Urban Development (HUD) and a significant portion of its rental income is received from HUD.

On August 9, 2016, EHC formed Sojourner Argyle, LLC (Sojourner@Argyle) as a wholly-owned affiliate of EHC. The purpose of Sojourner is to provide permanent, supportive housing for formerly homeless individuals. Sojourner received a Community Development Administration (CDA) loan in 2017 (see Note 18) and is subject to a Department of Housing and Community Development regulatory agreement. Under this regulatory agreement, Sojourner is required to maintain certain restricted deposits and funded reserves (see Note 3). Sojourner is subject to a Section 8 Housing Assistance Payments (HAP) agreement with the HUD and a significant portion of its rental income is received from HUD

On April 8, 2020, EHC formed 17 West Mulberry, LLC as a wholly-owned affiliate of EHC. The purpose of this LLC is to provide permanent, supportive housing for formerly homeless individuals.

EHC, using Limited Liability Corporations (LLC), is a part owner of Tax Credit Low-Income Housing Partnerships (Partnerships). These partnerships are designed to produce and to preserve affordable rental housing. In these partnerships, EHC's LLCs are either the Managing Member or Co-Managing Member of the respective partnerships (See Note 7).

EHC is the sole member of the of the following LLCs:

Entity	Date Formed
2401, LLC	April 6, 2010
EHC - North Creek Run II, LLC	March 28, 2013
EHC - Brinkley Hill, LLC	September 14, 2015
EHC - Preserve at Red Run, LLC	January 26, 2017
EHC - Four Ten Lofts, LLC	January 29, 2019
EHC - Peerless, LLC	July 16, 2020
EHC - Sojourner Place at Preston, LLC	February 4, 2021

EHC - Four Ten Lofts, LLC owns 51% of Four Ten Lofts Development, LLC (Development) which was formed on April 9, 2018. Since an EHC entity owns 50% or more of it, Development is included in the accompanying consolidated financial statements at its respective ownership percentage.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Episcopal Housing Corporation and its wholly-owned affiliates: 3401 Ashburton, LLC; Sojourner Argyle, LLC; 17 West Mulberry, LLC; 2401, LLC; EHC - North Creek Run II, LLC; EHC - Brinkley Hill, LLC; EHC - Preserve at Red Run, LLC; EHC - Four Ten Lofts, LLC; Four Ten Lofts Development, LLC; EHC - Peerless, LLC and EHC - Sojourner Place at Preston, LLC. All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting: The consolidated financial statements are presented under the accrual basis of accounting in accordance with generally accepted accounting principles, whereby revenue is recognized when earned and expenses are recognized when incurred.

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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization classifies all investments which are readily convertible to cash and which have a maturity date of three months or less when purchased as cash and cash equivalents.

Investments in Marketable Securities: Investments with readily determinable fair market values are reported at fair value in the consolidated statements of financial position. Investments whose fair market values are not readily determinable are recorded at cost. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses on investments are reported in the consolidated statements of activities as part of net investment return.

Investments in Limited Liability Companies: The Organization accounts for its investments in various limited liabilities companies under the cost method whereby the carrying value is increased by member contributions and decreased by member distributions (See Note 7).

Contributions Receivable: Unconditional promises to give are recorded as contributions receivable and recognized as revenue in the period the pledge is received. Unconditional promises to give in a future period are discounted to their net present value at the time the revenue is recorded. A provision is made for uncollectible contributions based on anticipated collection losses. Estimated losses are generally determined from historical collection experience and a review of outstanding contributions receivable. Contributions receivable are written off by management when, in their determination, all appropriate collection efforts have been taken. The management of the Organization has reviewed its outstanding contributions receivable for collectability and has determined the amounts are fully collectible and, therefore, has not established an allowance for doubtful accounts.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Rents, Fees and Other Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by reviewing its outstanding receivable balances and its historical collection experience with individual accounts and payor sources. Receivables are written off by management when, in their determination, all collection efforts have been exhausted. Recoveries of these receivables previously written off are recorded when received. The Organization has established an allowance for doubtful accounts of $48,111 and $44,907 for the years ended December 31, 2021 and 2020, respectively, related to fees and other receivable. The Organization has also established an allowance for doubtful accounts of $15,021 and $10,466, respectively, related to rents receivables.

Property and Depreciation: Property is stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of fixed assets are capitalized. It is the Organization's policy to capitalize all property acquisitions having useful lives of 5 years or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the estimated useful lives of the improvements or the terms of the related leases. The following is a summary of the useful lives of property:

Building and improvements	5 - 40 years
Leasehold improvements	5 - 30 years
Furniture and fixtures	5 years

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as an increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit donor restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an addition to net assets with donor restrictions. Absent donor restrictions regarding how long donated assets must be maintained, the Organization reports the release of donor restrictions when the donated or acquired assets are placed in service.

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated from net assets without donor restrictions, net assets for an operating reserve for future needs.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Deferred Revenue: The Organization primarily derives revenue from development fees, asset management fees, rental income, contributions and grants and investment income. Rental income and investment income are recognized as revenue when earned. Rental payments received in advance are deferred until earned.

Unconditional contributions are recognized as revenue in the year the contributions are pledged and/or received.

Conditional grants are recognized as support without donor restrictions only to the extent of actual expenses incurred under the terms of the grant agreements. Conditional grants received in excess of eligible expenses are recorded as deferred revenue. Eligible expenses incurred in excess of grant receipts are recorded as grants receivable on the consolidated statements of financial position.

The Organization generates contract revenue primarily from development fees and asset management fees. Revenue is recognized when control of the promised good or service is transferred to a customer, in an amount that reflects the consideration to which the Organization expects to be entitled from customers, in exchange for those goods and services. Development fees are recognized as revenue over time at the amount that reflects the consideration to which the Organization expects to be entitled to, in exchange for providing developer services. Asset management fees are also recognized as revenue over time.

Performance obligations are determined based on the nature of the services provided. The Organization's development and asset management fees are treated as single performance obligations satisfied over time as goods and services are rendered. The Organization determines the transaction price based on contractually agreed-upon amounts or rates as goods and services are rendered.

The Organization recognizes contract revenue in the consolidated statements of activities and contract assets on the consolidated statements of financial position only when services have been provided. Since the Organization has performed its obligation under the contracts, it has unconditional rights to the consideration recorded as contract assets and therefore classifies those billed and unbilled contract assets as fees and other receivables.

The Organization disaggregates revenue from contracts by the type of contract. The Organization notes that this disaggregation of revenue into these categories achieves the disclosure objectives to depict how the nature, amount, timing, and uncertainly of revenue and cash flows are affected by economic factors. The payment terms and conditions within the Organization's revenue-generating contracts vary by type of contract.

The Organization disaggregates its revenue from contracts with customers as follows:

	2021	2020
Performance obligations satisfied over time:		
Development fees	$ 1,653,065	$ 1,171,911
Asset management fees	49,211	44,406
	$ 1,702,276	$ 1,216,317

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Contributions: Unconditional promises to give are recorded without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discount on those amounts is computed using rates applicable to the facts and circumstances of each promise to give. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Donations of securities are recorded at fair value at the date of the gift and the gain or loss on sale is recognized in the period in which the sale is made.

Recognition of Donor Restrictions: All donor-restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions in the consolidated statements of activities.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the consolidated statements of activities and by natural classification in the consolidated statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates of time and effort and other criteria.

Advertising: Advertising costs are charged to operations when incurred. The Organization had no significant direct-response advertising. Advertising expense for the years ended December 30, 2021 and 2020 totaled $3,374 and $3,021, respectively.

Income Taxes: EHC has been recognized by the Internal Revenue Service (IRS) as a tax-exempt organization, as defined by Section 501(c)(3) of the Internal Revenue Code (IRC), that is publicly supported and, therefore, not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. EHC had no unrelated business income for the year ended December 31, 2021 and 2020.

Sojourner Argyle, LLC, 3401 Ashburton, LLC, 17 W. Mulberry, LLC, EHC - Four Ten Lofts, LLC, EHC - Sojourner Place at Preston, LLC and EHC - Peerless, LLC are for-profit single member LLCs, considered disregarded entities, and therefore are not required to file separate income tax returns. All revenue and expenses of these entities are reflected on EHC's tax return.

2401, LLC is a for-profit single member LLC, but it is required to file a separate income tax return and pay income tax on taxable income (see Note 7). Income tax expense for the years ended December 31, 2021 and 2020 was $23,835 and $18,972, respectively. Accrued income tax expense was $-0- at December 31, 2021 and 2020, respectively.

EHC - North Creek Run II, LLC, EHC - Brinkley Hill, LLC and EHC - Preserve at Red Run, LLC are all for-profit single member LLCs, but they are also required to file a separate income tax return and pay income taxes on taxable income (See Note 6). These LLCs did not generate any taxable income for the years ended December 31, 2021 and 2020 and as such, no tax liabilities were incurred.

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Organization's federal and state tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Recently Issued Accounting Pronouncements: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* which will be effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has elected not to early adopt the standard and will assess the future impact of any leases on the consolidated financial statements.

Reclassifications: Certain amounts previously reported in the 2020 financial statements have been reclassified to conform to the financial statement presentation for the year ended December 31, 2021.

Subsequent Events: In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2022, the date the consolidated financial statements were available to be issued. During the period from January 1, 2022 through May 13, 2022, the Organization did not have any material recognizable subsequent events.

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date comprise the following:

	2021	2020
Cash and cash equivalents	$ 2,506,290	$ 1,795,277
Investments	360,206	317,311
Fees and other receivable, net	1,050,132	702,019
Rents receivable, net	6,786	1,812
Contributions receivable	65,150	502,150
Financial Assets Available for General Expenditure	$ 3,988,564	$ 3,318,569

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in mutual funds.

Note 3: Restricted Deposits and Fund Reserves

Reserve for Replacements: Under the terms of a regulatory agreement, Sojourner@Argyle is required to deposit $400 per month as well as an annual deposit of 100% of any residual cash flow remaining at the end of each fiscal year, as defined in the agreement, into a separate federally insured account for the replacement of property and other project expenditures. Any income earned on this fund shall be added to the fund. Withdrawals from this fund must be approved by CDA.

Operating Reserve: Under the terms of a regulatory agreement, Sojourner@Argyle was required to establish an operating reserve, which shall be held until CDA determines that for each of 12 consecutive months, the project income equals or exceeds the sum of all project expenses plus 110% of all debt service obligations and the project has maintained 90% occupancy. Thereafter, funds in the operating reserve may be released at the discretion of CDA.

Mortgage Escrow: Sojourner@Argyle is required to fund a mortgage escrow account to cover upcoming real estate tax and insurance bills.

Note 4: Development Costs and Advances

EHC, as a developer and/or agent, advances money during the development of projects as costs are incurred. During the development stage and upon completion, EHC will be reimbursed costs previously advanced. At December 31, 2021 and 2020, development costs and advances were approximately $2,813 and $114,209, respectively.

Note 5: Investments

The Organization’s investments, at fair value, as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Mutual funds, equity	$ 178,634	$ 140,613
Mutual funds, fixed income	164,937	165,390
Mutual funds, real estate	15,119	10,271
Common stock	1,516	1,037
	$ 360,206	$ 317,311

Net investment return for the years ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Interest and dividend income	$ 7,841	$ 11,242
Taxable distribution from St. Stephen's Court, LLC	33,381	79,357
Interest income from notes receivable	8,084	17,659
Unrealized gains on investments	29,838	7,308
Realized gains on investments	8,290	5,010
	$ 87,434	$ 120,576

Note 6: Fair Value Measurement

Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation techniques used by the Organization include the following:

Mutual Funds and Common Stocks: Valued at the last sales price reported on the active market in which the individual fund is traded.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. The table below presents the balances of assets as of December 31, 2021 measured at fair value on a recurring basis by level within the hierarchy.

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Mutual funds, equity	$ 178,634	$ 178,634	$ -0-	$ -0-
Mutual funds, fixed income	164,937	164,937	-0-	-0-
Mutual funds, real estate	15,119	15,119	-0-	-0-
Common stock	1,516	1,516	-0-	-0-
	$ 360,206	$ 360,206	$ -0-	$ -0-

Note 6: Fair Value Measurement (Continued)

The table below presents the balances of assets as of December 31, 2020 measured at fair value on a recurring basis by level within the hierarchy.

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Mutual funds, fixed income	$ 165,390	$ 165,390	$ -0-	$ -0-
Mutual funds, equity	140,613	140,613	-0-	-0-
Mutual funds, real estate	10,271	10,271	-0-	-0-
Common stock	1,037	1,037	-0-	-0-
	$ 317,311	$ 317,311	$ -0-	$ -0-

Note 7: Investment in Tax Credit Low Income Housing Projects

2401, LLC: 2401, LLC is the managing member and holds a 0.0120% membership interest in St. Stephen's Court, LLC and receives a share of distributions of net cash flow. 2401, LLC's share of net cash flow for the years ended December 31, 2021 and 2020 was $33,381 and $79,357 respectively and is included in net investment return from partnerships. EHC has agreed to lend St. Stephen's Court, LLC amounts required to fund operating deficits, if any, incurred by it through the end of the tax credit compliance period (year 2050) to the extent they exceed the project's operating reserve.

EHC is entitled to receive an annual company management fee for property management oversight, tax credit compliance monitoring and related services provided to St. Stephen's Court, LLC. The base fee is $10,800, subject to an annual increase of 3%, and was approximately $14,511 and $14,089 for the years ending December 31, 2021 and 2020, respectively. 2014, LLC is also entitled to receive an annual supplementary management fee of $25,000 for services in the ongoing management of the project. At December 31, 2021 and 2020, management fees receivable from St. Stephen's Court, LLC were $39,511 and $39,089, respectively.

EHC - North Creek Run II, LLC: EHC - North Creek Run II, LLC is a managing member and holds a 0.00459% membership interest in North Creek Run II, LLC. There has been no net cash flow available for distribution for the years ended December 31, 2021 and 2020.

EHC - Brinkley Hill, LLC: EHC - Brinkley Hill, LLC is a co-managing member and holds a 0.0051% membership interest in Brinkley Hill Associates, LLC. There has been no net cash flow available for distribution for the years ended December 31, 2021 and 2020.

EHC - Preserve at Red Run, LLC: EHC - Preserve at Red Run, LLC is a co-managing member and holds .0025% membership interest in Red Run Associates, LLC. There has been no net cash flow available for distribution for the years ended December 31, 2021 and 2020.

EHC - Peerless, LLC: EHC - Peerless, LLC is a co-managing member and holds a 0.0025% membership interest in Peerless Avenue Associates, LLC. There has been no net cash flow available for distribution for the years ended December 31, 2021 and 2020.

Note 7: Investment in Tax Credit Low Income Housing Projects (Continued)

EHC - Four Ten Lofts, LLC: EHC - Four Ten Lofts, LLC is a 51% owner of Four Ten Lofts Development, LLC. Four Ten Lofts Development, LLC holds a .01% membership interest in Four Ten Lofts, LLC. There has been no net cash flow available for distribution for the years ended December 31, 2021 and 2020.

EHC - Sojourner Place at Preston, LLC: EHC - Sojourner Place at Preston, LLC is a .0051% owner of Sojourner Place at Preston, LLC. There has been no net cash flow available for distribution for the years ended December 31, 2021 and 2020.

Note 8: Property and Depreciation

Property consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Land	$ 364,664	$ 364,664
Buildings and improvements	4,723,041	4,723,041
Leasehold improvements	291,739	291,739
Furniture and fixtures	61,157	61,157
Construction in progress	37,117	33,033
Total Cost	5,477,718	5,473,634
Less: Accumulated depreciation and amortization	(867,800)	(691,253)
	$ 4,609,918	$ 4,782,381

Note 9: Note Receivable and Related Accrued Interest Receivable

	2021	2020
Notes Receivable:		
Brinkley Hill Associates, LLC	$ 102,277	$ 102,277
Red Run Associates, LLC	47,444	47,444
	$ 149,721	$ 149,721
Accrued Interest Receivable:		
Brinkley Hill Associates, LLC	$ 7,201	$ 3,116
Red Run Associates, LLC	18,542	14,543
	$ 25,743	$ 17,659

Note 9: Note Receivable and Related Accrued Interest Receivable (Continued)

The Organization holds two deferred development fee notes receivable as of December 31, 2021 and 2020. The note receivable from Brinkley Hill Associates, LLC, a related party, bears interest at 3% per annum and matures in December 2032. The note receivable from Red Run Associates, LLC, a related party, bears interest at 5% and matures in year 2033. Payments of principal and interest on each note are subject to certain capital proceeds received by each entity and the availability of cash flow from each entity as defined in the respective note agreements. As of December 31, 2021 and 2020, these notes receivable and related accrued interest receivables are deemed to be long term assets as presented on the consolidated statements of financial position.

Note 10: Long-Term Debt

Long-term debt as of December 31, 2021 and 2020 consists of the following obligations:

	2021	2020
Mortgage payable - Sojourner building, interest rate of 0%. Principal payments of $17,500 are due annually only from surplus cash. The loan matures October 2057, but subject to various conditions will be forgiven (See Note A).	$ 643,125	$ 660,625
Mortgage payable - Ashburton building, interest rate of 6.250%. Monthly principal and interest payments of $2,249. The loan matures September 2025 and has a balloon payment of approximately $196,000.	245,600	260,032
Mortgage payable - Ashburton building, interest rate of 0%. Principal payments of $78,000 are due annually only from surplus cash. The loan matures January 2026, but subject to various conditions will be forgiven (See Note A)	780,000	780,000
Mortgage payable - Mura Street, interest rate of 0%. No payments were required because the building was used for permanent housing for men in recovery. The loan matured in October 2021 and was forgiven.	-0-	80,313
Mortgage payable - Mura Street, interest rate of 0%. No payments if the building is used for permanent housing for men in recovery. The loan matures February 2024, but subject to various conditions will be forgiven (See Note A).	331,850	331,850
Mortgage payable - 17 W. Mulberry Street, interest rate of 6%. No payments were due until maturity. The balance plus interest was paid in full as of December 31, 2021.	-0-	500,000
	2,000,575	2,612,820
Less: Current portion	(11,975)	(12,000)
Long-term portion	$ 1,988,600	$ 2,600,820

Note A: It is management's understanding that these mortgage payables will be forgiven at maturity, therefore, these noninterest bearing notes have not been present value discounted to record imputed interest as required by GAAP.

Note 10: Long-Term Debt (Continued)

The aggregate annual maturities of the mortgages subsequent to December 31, 2021 are as follows:

Year ending December 31,	
2022	$ 11,975
2023	12,746
2024	345,416
2025	207,313
2026	780,000
Thereafter	643,125
Total	$ 2,000,575

Interest expense related to the mortgages for the years ended December 31, 2021 and 2020 was $47,113 and $53,544 (which includes amortization of debt issuance costs of $16,516), respectively.

Note 11: Paycheck Protection Program

Paycheck Protection Program: EHC applied for and received funds in the amount of $60,217 under the Paycheck Protection Program (PPP), which was created as a result of the coronavirus pandemic. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during the periods of 8-weeks to 24-weeks, commencing on the date of the loan agreement (April 15, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on November 15, 2020 with a maturity date of April 15, 2022. However, the repayment of principal period was extended until 10 months after the end of period of the 8-weeks to 24-weeks. This loan was reflected as a long-term liability at December 31, 2020. EHC applied for and received 100% forgiveness of the PPP loan on March 17, 2021 and therefore, this loan forgiveness has been recognized as government grant revenue during the year ended December 31, 2021.

Note 12: Net Assets

Net Assets Without Donor Restrictions

Undesignated net assets without donor restrictions - consists of resources and obligations related to the daily operations of the Organization.

Net Assets With Donor Restrictions: The Organization has restricted funds, which may be fully expendable but only for the purposes established by the respective donors.

Net assets with donor restrictions were available for the following purposes as of December 31, 2021:

	2020	Current Year Activity		2021
		Contributions	Released From Restrictions	
Subject to expenditure for a specified purpose:				
Construction Projects	$ 500,000	$ 665,000	$ (500,000)	$ 665,000

Note 12: Net Assets (Continued)

Net assets with donor restrictions were available for the following purposes as of December 31, 2020:

	2019	Prior Year Activity		2020
		Contributions	Released From Restrictions	
Subject to expenditure for a specified purpose:				
Construction Projects	$ 1,000,000	$ -0-	$ (500,000)	$ 500,000

Note 13: Rental Income and Restricted Cash

EHC owns and/or operates Oxford houses and several low-income apartments, for which it collects rent under short-term lease agreements. Total rental income under these leases was $40,800 for the years ended December 31, 2021 and 2020.

EHC also owns the CURE building, a three-story office building on North Broadway in Baltimore City and entered into a twenty (20) year, triple-net lease agreement with The Johns Hopkins Hospital (JHH) for the use of the building by its child and adolescent psychiatry community programs. The lease technically expired in February 2020, but JHH continues to lease the building on a month-to-month basis. It is management's intention to execute a new lease during 2022. Total rental income under this lease was $12,000 and $20,305 for the years ended December 31, 2021 and 2020, respectively.

EHC's purchase of the CURE Building was funded by a first mortgage loan of $400,000 from a commercial bank. Under the lease agreement with JHH, since the loan proceeds were more than the costs incurred by EHC in making the purchase, the excess proceeds are required to be expended for improvements to the property on behalf of JHH. This excess cash of approximately $186,000 as of December 31, 2021 and 2020, is being held by EHC in a separate bank account and is classified as long-term cash restricted under agreement with tenant on the consolidated statements of financial position. EHC expects JHH will direct EHC to use this cash to make future improvements to the CURE Building.

Rental income earned through EHC's wholly-owned affiliates was $382,678 and $364,563 for the years ended December 31, 2021 and 2020, respectively, generated from short-term lease agreements.

Note 14: Lease Commitments

Office Space Lease: Under the terms of a memorandum of understanding with the Episcopal Diocese of Maryland (the Diocese), EHC improved a property owned by the Diocese and entered into an agreement to lease the property from the Diocese for a term that approximates thirty (30) years. Rent payments are satisfied by the value of the improvements made to the building by EHC on behalf of the Diocese. The cost of the completed improvements was approximately $292,000, and EHC moved into the location in late 2013.

Note 15: Employee Retirement Plan

The Organization maintains a retirement plan under IRC Section 403(b) that generally covers all employees. Under the terms of the plan, participating employees may elect to contribute pre-tax dollars up to the maximum limit established by the IRS for each calendar year. In order to be eligible to receive contributions from the Organization, participates in the plan must be classified as a full-time employee and have completed six months of service, as defined in the plan documents. Employer contributions to the retirement plan are a specified match of a participating employee's elective contributions (dollar for dollar match up to 3%). Total pension expense for the years ended December 31, 2021 and 2020 was $9,231 and $8,957, respectively.

Note 16: Loans or Notes Provided by EHC Which are not Reflected in These Consolidated Financial Statements

Occasionally, there are instances where Grantors desire to provide a grant to a project that EHC has involvement. There are occasions where the Grantor is unable to provide the grant directly to the project and instead provides the grant to EHC for the benefit of the project. The Grantor is not expected to be repaid for the grant provided that the grant's provisions have been met.

There have been three occasions where EHC has received such grants and has subsequently provided those funds to third parties, who are also related parties through various ownership interests of its affiliates. EHC provides those funds in the form of an unsecured note with a very long maturity date. Given the nature of the note, EHC is not able to determine the likelihood of the note being collectible and therefore is not including those notes on the consolidated statements of financial position. These note proceeds were recognized as grant expenses in prior years. Based on the respective grant agreements, it is the intention of EHC's management to forgive these loans in full when they mature, unless the provisions of the grant agreements are not met.

Below are those notes which are outstanding for the years ended December 31, 2021 and 2020:

North Creek Run II, LLC: The original amount of the year 2013 loan to North Creek Run II, LLC was $177,540. The loan was funded under the Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP). The loan does not bear interest and requires no payments until January 1, 2055. The loan is secured by a deed of trust on the real property of the Company (third lien position).

Red Run Associates, LLC: The original amount of the year 2019 loan to Red Run Associates, LLC was $170,000. To date, none of this note has been repaid. The note was funded by the proceeds of a grant from the Maryland Energy Administration. The note is non-interest bearing and requires no monthly payments. All outstanding principal is due and payable in May 2059. The note is unsecured.

Four Ten Lofts, LLC: The original amount of the Year 2020 note to Four Ten Lofts, LLC was $1,600,000. To date, none of this note has been repaid. The note was funded by the proceeds of a grant from the Harry and Jeanette Weinberg Foundation. The entire principal balance of the note and any accrued but unpaid interest is due and payable in August 2061. The principal sum shall bear interest at the fixed rate of four- and one-half percent (4.5%) simple interest per annum.

Note 17: Certain Significant Risks and Uncertainties

Cash and Cash Equivalents: The Organization maintains its cash balances at various financial institutions. Periodically during the year, the Organization's cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Investment Risk: The Organization invests in a professionally managed portfolio that contains mutual funds and common stocks. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Impairment Risk: EHC reviews its rental properties for impairment whenever changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying value of an asset, an impairment loss would be reported. No impairment loss has been recognized for the years ended December 31, 2021 and 2020, respectively.

Concentrations: EHC earned $1,653,065 and $1,171,911 of development fees for the years ended December 31, 2021 and 2020, respectively. Approximately 67% and 65% of that was earned from three (3) customers and one (1) customer in years ended December 31, 2021 and 2020, respectively. Development fees receivable are $1,224,712 and $562,639 at December 31, 2021 and 2020, respectively. Approximately 93% and 87% of these receivables are from three (3) customers and one (1) customer at December 31, 2021 and 2020, respectively.

National Health Emergency: In March 2020, the President of the United States declared a national emergency due to a viral pandemic. The declaration of the national emergency and similar declarations made by various states, and the outbreak of the virus itself, have had far reaching social, economic, and financial impacts on the country. The pandemic continues and at this time, the impact on the future operations and the financial status of the Organization cannot be determined.

Note 18: Contingent Mortgage Payable

In 2017, Sojourner@Argyle entered in loan agreement with CDA for $726,000 to provide residential rental units for individuals who meet certain income and other requirements. Per the terms of this loan agreement, it is the intent of CDA that all payments of principal and interest on the loan shall be deferred and remain outstanding in perpetuity. As a result, management recognized this loan as revenue when it was received, since it is management's understanding that based on certain conditions, this loan would eventually be forgiven. However, should any of the following events occur: (a) the project is no longer being used for households of lower income; (b) the project is sold or transferred or (c) the project is in default with the terms of the loan; the full amount of the loan plus interest shall become immediately due and payable.

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