HOUSING PARTNERSHIP NETWORK

AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
The Housing Partnership Network, Inc. and Affiliates:

We have audited the accompanying combined financial statements of The Housing Partnership Network, Inc. and Affiliates (three Massachusetts corporations, not for profit), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities without donor restrictions, changes in net assets, cash flows and operating functional expenses for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Housing Partnership Network, Inc. and Affiliates as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AAFCPAs, Inc.

Boston, Massachusetts
April 20, 2021

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statements of Financial Position
December 31, 2020 and 2019

Assets	**2020**	**2019**
Current Assets:		
Cash and cash equivalents	$ 16,143,748	$ 13,976,792
Current portion of accounts and contracts receivable, net	4,525,154	3,624,713
Grants receivable	832,442	1,546,442
Current portion of loans receivable, net of allowance	13,072,710	14,104,072
Interest receivable	346,758	249,907
Prepaid expenses and other	227,082	159,679
Total current assets	35,147,894	33,661,605
Restricted Deposits	572,571	621,576
Accounts and Contracts Receivable, net of current portion	276,431	1,361,446
Loans Receivable, net	24,447,521	29,245,217
Investments in Uncombined Affiliates	9,704,766	9,637,538
Capitalized Costs	339,988	465,588
Property and Equipment, net	72,357	37,893
Total assets	$ 70,561,528	$ 75,030,863
Liabilities and Net Assets		
Current Liabilities:		
Current portion of loans payable	$ 6,118,181	$ 1,518,181
Current portion of equity equivalent loans payable	625,000	1,000,000
Accounts payable and accrued expenses	2,147,601	2,326,698
Accrued interest	201,781	307,742
Grants payable to subrecipients	769,298	585,444
Conditional advances	2,436,325	1,637,500
Deferred income	7,930	127,199
Total current liabilities	12,306,116	7,502,764
Loan Escrows Liability	572,571	621,576
Loans Payable, net of current portion	23,624,546	35,174,546
Equity Equivalent Loans Payable, net of current portion	4,875,000	4,500,000
Total liabilities	41,378,233	47,798,886
Net Assets:		
Without donor restrictions:		
Operating	15,696,843	15,212,919
Affiliate investments	9,704,766	9,637,538
Total without donor restrictions	25,401,609	24,850,457
With donor restrictions	3,781,686	2,381,520
Total net assets	29,183,295	27,231,977
Total liabilities and net assets	$ 70,561,528	$ 75,030,863

The accompanying notes are an integral part of these combined statements.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statements of Activities Without Donor Restrictions
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues:		
Earned income:		
Management fees	$ 1,344,735	$ 1,486,194
Share of income of affiliates	1,079,914	3,532,042
Program service fees	950,396	711,283
Membership fees	665,400	915,079
Other revenue	190,487	189,784
Net earned income	4,230,932	6,834,382
Financial and related revenue:		
Interest on loans, net	2,490,349	2,181,266
Loan fees	251,687	325,267
Investment income	130,160	142,029
Less - net loan loss recovery (provision)	242,137	(395,748)
Less - interest expense	(1,284,736)	(1,390,537)
Net financial and related revenue	1,829,597	862,277
Public support:		
Government grants and contracts	2,138,233	1,546,697
Grants and contributions	1,637,175	2,080,522
Net assets released from purpose restrictions	2,854,834	2,104,373
Less - awards to subrecipients	(1,726,233)	(1,400,086)
Total public support	4,904,009	4,331,506
Net operating revenue	10,964,538	12,028,165
Operating Expenses:		
Program services	8,040,862	9,976,724
General and administrative	2,825,572	2,897,066
Fundraising and communication	468,574	289,979
Total operating expenses	11,335,008	13,163,769
Changes in net assets without donor restrictions from operations	(370,470)	(1,135,604)
Non-Operating Revenue:		
Loan loss recovery, net of grants to affiliate	921,622	326,080
Grant of founder's stock in affiliate	-	1,000,000
Net assets released from capital restrictions	-	1,176,801
Total non-operating revenue	921,622	2,502,881
Changes in net assets without donor restrictions	$ 551,152	$ 1,367,277

The accompanying notes are an integral part of these combined statements.

Combined Statements of Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

	2020	2019
Net Assets, beginning of year	$ 27,231,977	$ 27,574,674
Changes in net assets without donor restrictions	551,152	1,367,277
Changes in net assets with donor restrictions:		
Grants and contributions	4,005,000	1,071,200
Capital grants	250,000	500,000
Net assets released from restrictions	(2,854,834)	(3,281,174)
Total changes in net assets with donor restrictions	1,400,166	(1,709,974)
Changes in net assets	1,951,318	(342,697)
Net Assets, end of year	$ 29,183,295	$ 27,231,977

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Changes in net assets	$ 1,951,318	$ (342,697)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	185,508	177,276
Grant of founder's stock in affiliate	-	(1,000,000)
Capital grants	(250,000)	(500,000)
Net loan loss provision (recovery)	(1,163,759)	69,668
Share of income of affiliates, net	(1,079,914)	(3,532,042)
Changes in operating assets and liabilities:		
Accounts and contracts receivable	(815,426)	(186,422)
Grants receivable	714,000	611,000
Interest receivable	(96,851)	(120)
Prepaid expenses and other	(67,403)	92,138
Accounts payable and accrued expenses	(179,097)	583,785
Accrued interest	(105,961)	64,894
Grants payable to subrecipients	(737,768)	(1,024,478)
Conditional advances	48,825	-
Deferred income	(119,269)	(60,488)
Loan escrows liability	(49,005)	-
Net cash used in operating activities	(1,764,802)	(5,047,486)
Cash Flows from Investing Activities:		
Principal payments on loans receivable	22,826,647	5,182,673
Issuance of loans receivable	(13,912,208)	(11,672,237)
Distributions from affiliates	1,013,986	4,625,000
Purchase of property and equipment	(94,372)	(47,825)
Purchase of capitalized costs	-	(376,801)
Cash investment in affiliates	(1,300)	-
Sale of capitalized costs	-	500,000
Net cash provided by (used in) investing activities	9,832,753	(1,789,190)
Cash Flows from Financing Activities:		
Proceeds from loans payable	1,000,000	11,850,736
Principal payments on loans payable	(7,950,000)	(4,550,000)
Capital grants	1,000,000	2,137,500
Net cash provided by (used in) financing activities	(5,950,000)	9,438,236
Net Change in Cash, Cash Equivalents and Restricted Cash	2,117,951	2,601,560
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	14,598,368	11,996,808
End of year	$ 16,716,319	$ 14,598,368
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position:		
Cash and cash equivalents	$ 16,143,748	$ 13,976,792
Restricted deposits	572,571	621,576
Total cash, cash equivalents and restricted cash	$ 16,716,319	$ 14,598,368
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 1,390,697	$ 1,387,528
Supplemental Disclosure of Non-Cash Information:		
Accounts and contracts and loans receivable converted to investment in affiliates	$ -	$ 275,000
Accounts and contracts receivable related to sale of capitalized costs	$ -	$ 300,000

The accompanying notes are an integral part of these combined statements.

Combined Statement of Operating Functional Expenses
For the Year Ended December 31, 2020
(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020												2019
	Program Services								Support Services				
	Counseling and Education	Member Services	Capital Markets	Multifamily Operations	Single Family Operations	Platform Services	Innovation	Total Program Services	General and Administrative	Fundraising and Communication	Total Support Services	Total	Total
Personnel and Related Costs:													
Salaries	$ 276,199	$ 1,287,166	$ 1,024,323	$ 521,447	$ 538,253	$ 268,937	$ 623,252	$ 4,539,577	$ 1,694,895	$ 356,447	$ 2,051,342	$ 6,590,919	$ 6,060,580
Fringe benefits	48,309	218,491	174,411	93,204	93,651	50,543	149,810	828,419	294,797	59,761	354,558	1,182,977	1,022,929
Payroll taxes	18,574	84,038	66,667	35,081	36,164	19,546	59,230	319,300	108,187	24,333	132,520	451,820	396,837
Total personnel and related costs	343,082	1,589,695	1,265,401	649,732	668,068	339,026	832,292	5,687,296	2,097,879	440,541	2,538,420	8,225,716	7,480,346
Other:													
Professional fees	7,644	14,880	260,571	21,275	10,831	3,148	214,948	533,297	246,221	3,868	250,089	783,386	623,083
Information technology - LaunchPad	-	-	-	-	569,810	-	-	569,810	-	-	-	569,810	1,924,051
Consulting and service contracts	14,350	53,310	31,420	142,901	25,866	43,425	40,195	351,467	114,463	-	114,463	465,930	817,980
Occupancy	8,395	62,904	54,996	44,292	43,729	17,539	62,269	294,124	100,751	15,473	116,224	410,348	510,873
Other	-	3,721	5,824	-	4,955	-	180,349	194,849	76,451	-	76,451	271,300	151,275
Depreciation and amortization	451	3,558	5,724	935	2,583	35,882	128,476	177,609	7,326	573	7,899	185,508	177,276
Office supplies and support	2,666	24,439	8,811	3,389	434	4,045	888	44,672	112,911	962	113,873	158,545	258,372
Conferences and meetings	31,292	23,123	1,259	9,931	-	200	1,663	67,468	10,303	588	10,891	78,359	577,692
Insurance	11,325	4,080	23,582	1,658	2,590	1,059	3,933	48,227	6,352	1,006	7,358	55,585	69,575
Travel	422	8,939	10,678	8,845	5,682	12	6,572	41,150	8,207	2,754	10,961	52,111	335,048
Staff development	-	-	-	-	-	25	-	25	36,917	590	37,507	37,532	160,845
Dues and publications	-	16,337	3,617	-	1,908	206	225	22,293	845	1,669	2,514	24,807	32,169
Communications	-	5,200	2,275	-	-	600	500	8,575	6,946	550	7,496	16,071	45,184
Total operating expenses before general and administrative allocation	419,627	1,810,186	1,674,158	882,958	1,336,456	445,167	1,472,310	8,040,862	2,825,572	468,574	3,294,146	11,335,008	13,163,769
General and Administrative Allocation	139,338	601,075	555,907	293,188	443,772	147,818	488,883	2,669,982	(2,825,572)	155,590	(2,669,982)	-	-
Total operating expenses	$ 558,965	$ 2,411,261	$ 2,230,065	$ 1,176,146	$ 1,780,228	$ 592,985	$ 1,961,193	$ 10,710,844	$ -	$ 624,164	$ 624,164	$ 11,335,008	$ 13,163,769

Combined Statement of Operating Functional Expenses
For the Year Ended December 31, 2019

	Program Services								Support Services			
	Counseling and Education	Member Services	Capital Markets	Multifamily Operations	Single Family Operations	Platform Services	Innovation	Total Program Services	General and Administrative	Fundraising and Communication	Total Support Services	Total
Personnel and Related Costs:												
Salaries	$ 69,467	$ 931,897	$ 1,045,384	$ 328,055	$ 541,546	$ 318,389	$ 1,062,681	$ 4,297,419	$ 1,549,704	$ 213,457	$ 1,763,161	$ 6,060,580
Fringe benefits	11,096	146,989	162,796	51,534	84,079	49,923	167,547	673,964	315,252	33,713	348,965	1,022,929
Payroll taxes	4,535	60,113	69,092	22,249	35,357	20,996	68,477	280,819	101,737	14,281	116,018	396,837
Total personnel and related costs	85,098	1,138,999	1,277,272	401,838	660,982	389,308	1,298,705	5,252,202	1,966,693	261,451	2,228,144	7,480,346
Other:												
Professional fees	786	26,792	183,819	41,219	98,821	3,887	115,943	471,267	149,461	2,355	151,816	623,083
Information technology - LaunchPad	-	-	-	-	-	-	1,924,051	1,924,051	-	-	-	1,924,051
Consulting and service contracts	7,610	81,785	157,424	30,975	122,899	168,039	47,927	616,659	201,151	170	201,321	817,980
Occupancy	1,200	58,044	70,007	69,205	142,850	21,875	52,068	415,249	82,994	12,630	95,624	510,873
Other	-	20,018	20,895	-	-	73	56,403	97,389	53,886	-	53,886	151,275
Depreciation and amortization	262	12,161	17,884	4,112	6,471	22,211	64,804	127,905	47,019	2,352	49,371	177,276
Office supplies and support	-	30,178	7,164	3,197	5,375	5,590	18,528	70,032	185,386	2,954	188,340	258,372
Conferences and meetings	298	520,377	8,582	10,783	2,755	190	8,586	551,571	25,286	835	26,121	577,692
Insurance	91	3,686	27,407	1,898	1,904	1,562	25,121	61,669	7,095	811	7,906	69,575
Travel	1,828	107,582	52,592	18,842	19,224	6,819	60,030	266,917	62,668	5,463	68,131	335,048
Staff development	-	1,165	1,194	76,757	1,421	95	506	81,138	79,096	611	79,707	160,845
Dues and publications	-	18,153	3,187	4,257	900	-	1,753	28,250	3,773	146	3,919	32,169
Communications	10	5,636	4,017	210	144	400	2,008	12,425	32,558	201	32,759	45,184
Total operating expenses before general and administrative allocation	97,183	2,024,576	1,831,444	663,293	1,063,746	620,049	3,676,433	9,976,724	2,897,066	289,979	3,187,045	13,163,769
General and Administrative Allocation	27,423	571,296	516,799	187,169	300,169	174,966	1,037,419	2,815,241	(2,897,066)	81,825	(2,815,241)	-
Total operating expenses	$ 124,606	$ 2,595,872	$ 2,348,243	$ 850,462	$ 1,363,915	$ 795,015	$ 4,713,852	$ 12,791,965	$ -	$ 371,804	$ 371,804	$ 13,163,769

The accompanying notes are an integral part of these combined statements.

1. OPERATIONS AND NONPROFIT STATUS

The Housing Partnership Network, Inc. (HPN) is a Massachusetts not-for-profit corporation established in 1990, which serves as a peer network and business alliance for some of the nation's top-performing nonprofit housing developers, owners, lenders, and housing counselors. HPN helps these strong, accomplished organizations increase production and impact through a unique member-driven cooperative that shares knowledge and innovation, pools resources to access the capital markets more efficiently, and shapes policy that reflects and enhances their practice. HPN's mission is defined as follows:

> *"To leverage the individual strengths and mobilize the collective power of our member organizations. Our vision is that all people live in vibrant and inclusive communities where access to affordable homes creates opportunity and economic mobility."*

Combined Affiliates

The Housing Partnership Fund, Inc. (HPF) is a Massachusetts not-for-profit corporation, which was established in 1999 to provide financing to members of HPN for the purchase, rehabilitation and development of housing that is affordable to lower-income families. HPF is the lending affiliate of HPN. Both HPN and HPF have been granted status as Community Development Financial Institutions (CDFI) by the U.S. Department of the Treasury (the Treasury), each qualifying for certain awards and loan support from the Treasury.

Housing Partnership Ventures, Inc. (HPV) is a Massachusetts not-for-profit corporation, which was established in 2004 to support the members of HPN by developing and offering loan products and funding alternatives, including working capital loans, for existing business activities and funds to expand or originate new business lines. HPV is the investing affiliate of HPN. During 2009, HPV established a single-member limited liability company, HPV Holdings, LLC (HPV Holdings) to hold special assets. HPV Holdings has elected to be disregarded as a separate entity from HPV for tax purposes. HPV Holdings held no assets and had no activity as of and for the years ended December 31, 2020 or 2019.

HPN appoints HPF's and HPV's Boards of Directors. HPN, HPF, and HPV (collectively, the Network) share some common directors. HPN performs all program and administrative functions of HPF and HPV under management contracts (see Note 8).

The combined financial statements include the three nonprofit organizations that comprise the Network. All significant intercompany balances and transactions have been eliminated from the accompanying combined financial statements.

The Network's program services consist of the following:

Counseling and Education

The Network's counseling and education work includes a community of practice and the creation of new businesses to help its members enhance their housing counseling work. Since 1995, HPN has been a pass-through intermediary of Federal Housing and Urban Development's (HUD) Housing Counseling and National Foreclosure Mitigation Counseling Program funds.

Member Services

The Network's member services focus on peer exchange opportunities including, but not limited to, two national member meetings per year, access to the International Housing Partnership, and financial and capital-related peer exchange through Strength Matters. Member services provide knowledge transfer and sharing of best practices in areas of common interest to our members.

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Capital Markets

The Network's capital markets team raises grants, debt and equity to support the Network's general operating expenses, social enterprises, research and development, and policy innovation among other projects and functions, primarily from corporate investors and corporate and private foundations.

Multifamily Operations

Various member organizations of the Network develop and manage multifamily affordable housing properties. Through peer exchange, capital raise, and social enterprise development, the Network provides support for those members in areas including lending, purchasing, and resident services, among others.

Single Family Operations

The Network's single family programming focuses on creating and expanding access to financing for members' single family for-sale and rental programs, including facilitating the use of New Markets Tax Credits (NMTC) allocations (see Note 3) to expand homeownership opportunities in distressed markets.

Platform Services

The Network provides platform services to its business lines and in support of its emerging social enterprises including raising capital, marketing communications, finance, human resources, and information systems and technology. Services are contracted with individual social enterprises for a fee (see Note 8).

Innovation

The Network's research and development, also known as the Innovation Lab, launches and builds social enterprises that increase members' capacities to fulfill their missions.

Non-Profit Status

HPN, HPF, and HPV are individually exempt from Federal income taxes as organizations formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and are also exempt from state income taxes. Donors may deduct contributions made to these entities within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Network's combined financial statements have been prepared in accordance with accounting standards and principles generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Concentration of Credit Risk

The Network considers all checking, money market, and savings accounts, and certificates of deposit with an initial maturity of three months or less to be cash and cash equivalents. Those highly liquid resources that are generally not available for current operations or otherwise restricted are classified as restricted deposits (see Note 4).

The Network maintains its cash balances in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each financial institution up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Network has not experienced any losses in such accounts. The Network periodically assesses the financial condition of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Allowance for Doubtful Accounts on Accounts, Contracts and Grants Receivable

An allowance for doubtful accounts is based on collection experience and other circumstances, which may affect the ability of payors and donors to meet their obligations. It is the Network's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Network had an allowance of $300,000 against certain accounts and contracts receivable as of December 31, 2020 and 2019 (see Note 8).

Loans Receivable

Loans receivable are presented net of allowances for loan losses (see Note 5) and third party loan participations qualifying as note sales under ASC Topic, *Accounting for Transfers and Servicing of Assets and Liabilities*. Loan participations qualify as loan sales if the Network surrenders control over the participated portion of the loan receivable and the participation agreement meets certain other criteria. All of the Network's loan participations qualify for treatment as loan sales.

U.S. GAAP requires nonprofit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on loans payable are disclosed in Note 6. Interest rates on loans receivable are disclosed in Note 5. The Network believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying combined financial statements to reflect rate differentials.

The Network considers a loan receivable as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the loan receivable agreement. In accordance with guidance provided by ASC Topic, *Impairment (Recoverability) of a Loan*, management employs one of three methods to determine and measure impairment: the Present Value of Future Cash Flow Method; the Fair Value of Collateral Method; and the Observable Market Price of a Loan Method. To perform an impairment analysis, the Network reviews a loan's internally assigned risk rating, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented. Based on the nature of the specific loan, one of the impairment methods is chosen and any impairment is determined, based on criteria established for impaired loans.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable (Continued)

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below-market interest rates, extending the maturity of a loan, or a combination of both. The Network considers all loans modified in a TDR to be impaired. At the time a loan is modified in a TDR, the Network considers several factors in determining whether the loan should accrue interest, including:

- Cash flow necessary to pay the interest,
- Whether the customer is current on their interest payments, and
- Whether the borrower is expected to perform under the revised terms of the restructuring.

Loan Loss Allowance

The Network adopted the *Disclosure About the Credit Quality of Financing Receivables and the Allowance for Credit Losses* standard under U.S. GAAP. This standard requires disclosure about the accounting policies and methodology used to estimate the allowance for loan losses (see Note 5). Provisions are made for estimated loan losses based on management's evaluation of each loan. Loss recoveries are recorded in the year the recovery is known. The allowance for loan losses is established through the net loan loss provision and is charged to operating and non-operating activity based on the character of the underlying loans.

Investments in Uncombined Affiliates

HPN and HPV maintain equity investments in uncombined affiliates where HPN and HPV exercise significant influence over the affiliates' operations (see Note 3). HPN and HPV account for these investments using the equity method. Whether or not HPN and HPV exercise significant influence with respect to an affiliate depends on an evaluation of several factors including, among others, representation on the affiliate's Board of Directors, significance of ownership in the voting securities of the affiliate, and participation in management activities significant to the investee. Under the equity method, the investment is initially recorded at cost and then increased or decreased by the share of income or loss of the affiliate. Distributions of cash reduce the carrying value of the investment.

All other closely held affiliate investments are recorded using the cost method. Under the cost method, an investment is carried at its original cost and cash distributions of profits are reported as income.

The Network periodically assesses the carrying balance of all investments in uncombined affiliates for possible impairment. No impairment losses for investments in affiliates were recognized in 2020 and 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalized Costs

Capitalized costs consist of website development costs related to the design and implementation of Knowledge Center and Select Ecoguide websites which were completed in 2019 and will be used in connection with other social enterprises of the Network. All costs pertaining to the respective website projects were capitalizable and included in the totals noted below. Amortization expense related to capitalized costs for the years ended December 31, 2020 and 2019, were $125,600 and $87,613, respectively. Capitalized costs, which are amortized using the straight-line method over the following estimated useful lives, consist of the following as of December 31:

	Estimated Useful Lives	2020	2019
Select Ecoguide website	3 years	$ 376,801	$ 376,801
Knowledge Center website	5 years	176,400	176,400
		553,201	553,201
Less - accumulated amortization		(213,213)	(87,613)
Net capitalized costs		$ 339,988	$ 465,588

Additionally, the LaunchPad database was completed during 2019 to be used commercially within a new social enterprise developed by the Network. The total capitalizable costs incurred related to the LaunchPad database were $800,000 during 2019. During 2019, the Network incurred additional costs totaling $1,924,051 related to the LaunchPad project that were funded by donors and not eligible to be capitalized. These costs are included in the accompanying 2019 combined statement of operating functional expenses. During 2019, the Network sold the LaunchPad database to an unrelated third party for a purchase price of $800,000, excluding additional consulting fees for services to be provided by the Network to the buyer in 2020 and 2021.

Property and Equipment and Depreciation

The Network capitalizes all significant expenditures for property and equipment with useful lives in excess of one year at cost. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

Property and equipment, which are depreciated using the straight-line method over the following estimated useful lives, consist of the following as of December 31:

	Estimated Useful Lives	2020	2019
Furniture and equipment	3 - 5 years	$ 478,290	$ 473,736
Leasehold improvements	Life of lease (see Note 7)	225,651	135,833
		703,941	609,569
Less - accumulated depreciation		(631,584)	(571,676)
Net property and equipment		$ 72,357	$ 37,893

Depreciation expense for the years ended December 31, 2020 and 2019, totaled $59,908 and $89,663, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets without donor restrictions include those net resources of the Network that bear no external restrictions and are generally available for use by the Network. The Network has grouped its net assets without donor restrictions into the following categories:

- ***Operating*** - represents net assets that are available for operations and bear no external restrictions. Operating net assets also includes property and equipment and capitalized costs.
- ***Affiliate investments*** - represents the portion of net assets invested in uncombined affiliates (see Note 3).

Net assets with donor restrictions are unexpended financial resources restricted by donors as to the purpose or timing of expenditure. All net assets with donor restrictions as of December 31, 2020 and 2019, are restricted for the following:

	2020	2019
Operating purpose restricted:		
Multifamily Operations	$ 2,272,944	$ -
Member Services	515,525	-
Innovation	160,875	1,181,530
Counseling and Education	82,342	592,756
Capital Markets	-	107,234
Total operating purpose restricted	3,031,686	1,881,520
Capital restricted:		
Revolving Loan Capital - CDFI Capital Magnet	750,000	500,000
	$ 3,781,686	$ 2,381,520

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended December 31:

	2020	2019
Operating purpose restricted:		
Counseling and Education	$ 1,120,413	$ 247,244
Innovation	1,115,655	1,278,273
Member Services	484,476	135,000
Capital Markets	107,234	443,856
Multifamily Operations	27,056	-
Total operating purpose restricted	2,854,834	2,104,373
Capital restricted:		
LaunchPad database	-	800,000
Select Ecoguide website	-	376,801
Total capital restricted	-	1,176,801
Total Network release	$ 2,854,834	$ 3,281,174

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

Revolving loan capital consists of a CDFI Fund Capital Magnet award that is used to make loans to qualified projects. This grant requires that the proceeds be revolved for recurring use during the investment term of the agreement. Accordingly, the expended grant proceeds plus applicable donor-designated accumulations remain in net assets with donor restrictions until depleted by loan losses or until the investment period expires in March 2024.

The Network records the amount of proceeds of the Capital Magnet award which it has not committed to qualifying projects, as conditional advances as mandated by the agreement (see above). During 2019, the Network received Capital Magnet proceeds totaling $2,250,000, of which 5% or $112,500 was recognized as net assets without donor restrictions, and is included in government grants and contracts in the accompanying 2019 combined statement of activities without donor restrictions. Of the remaining funds, $1,387,500 and $1,637,500 were not yet committed to qualifying projects as of December 31, 2020 and 2019, respectively, and are reported as a conditional advance in the accompanying combined statements of financial position. During 2020 and 2019, the Network committed $250,000 and $500,000, respectively, to qualifying projects and such amounts are included in net assets with donor restrictions in the accompanying combined statements of financial position. The conditional advance as of December 31, 2020, is expected to be deployed or committed for qualifying projects in future periods.

Fair Value Measurements

The Network follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Network would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Network uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Network. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Combined Statements of Activities Without Donor Restrictions

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and operating expenses in the accompanying combined statements of activities without donor restrictions. All other revenue or expense is reported as non-operating.

Revenue Recognition

The Network generally measures revenue for qualifying exchange transactions based on the amount of consideration the Network expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Network satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Network evaluates its management, program service and membership fees (Fee Revenue) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Fee Revenue is recognized by the Network for services provided to its members (see Notes 1 and 8) and various third parties. All services are generally provided on an annual basis incident to separate agreements, some of which renew annually at the election of the parties or under aspects of the respective agreements. These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as members or third parties receive the benefits provided as the Network performs the services. Contracts are generally renewable on a calendar-year cycle. Compensation is generally fixed under the relevant agreement, but may contain variable components in the case of certain management services. Fee Revenue is only recognized as revenue when collection is assured. Fee Revenue received in advance of services being provided is recorded as deferred income in the accompanying combined statements of financial position. Other revenue is recognized when deemed earned.

Financial and related revenue is generally recognized as revenue without donor restrictions as earned or when services are provided. Interest on loans is presented net of amounts collected on behalf of loan participants. Where significant, the Network generally amortizes loan origination fees for loans with terms greater than one year in length over the term of the loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying combined statements of financial position. Net loan origination fees of the Network that are not significant are not amortized.

In accordance with ASC Subtopic 958-605, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Network must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Network should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met. See Note 11 for disclosures of the Organization’s conditional grants. Government grants and contracts are generally within the scope of Topic 958 as described above.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions and grants without donor restrictions are recognized as revenue when unconditionally received or pledged. Donor restricted grants and contributions with time or purpose restrictions are transferred to net assets without donor restrictions as such gifts are used in accordance with donor restrictions. Net assets with donor capital restrictions are transferred to net assets without donor restrictions once the capital assets are placed into service.

Awards to Subrecipients

Awards to subrecipients represent amounts received from HUD, NeighborWorks® America and other funders which are passed-through to the Network's member organizations under the Network's housing counseling, national foreclosure mitigation counseling, and other programs. These grants are reflected as reductions of contract income and grants and contributions in the accompanying combined statements of activities without donor restrictions. Grants payable to subrecipients represent the unpaid portion of awards to members that were due to be paid as of the combined statements of financial position date.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the combined statements of operating functional expenses. The combined statements of operating functional expenses present the natural classification detail of expenses by function, including supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, fringe benefits and payroll taxes, consulting and service contracts, professional fees, conferences and meetings, occupancy, travel, office supplies and support, communications, depreciation, insurance and dues and publications, which are allocated based on level of employee effort for each function as based on timesheets.

Income Taxes

The Network accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Network has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at December 31, 2020 and 2019. The Network's information returns are subject to examination by the Federal and state jurisdictions.

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through April 20, 2021, which is the date the combined financial statements were available to be issued. See Note 3 for an event that met the criteria for disclosure in the combined financial statements.

3. UNCOMBINED AFFILIATES

The Network has made investments in and engaged in transactions with certain affiliated entities which were created, with the Network's participation, to carryout mission-related initiatives of the Network and its members. The Network does not maintain a controlling financial interest in any of these affiliates. Therefore, the financial statements of the affiliates are not consolidated or combined with those of the Network.

These investments are accounted for on the equity or cost methods (see Note 2) based upon whether the Network exercises significant influence over the operations of the investee affiliate.

HPN's Investments in Uncombined Affiliates

HPN's investments in uncombined affiliates are as follows:

	HPIEx	HPET	Framework	NCST	Sub CDEs	Total
Net investment, December 31, 2018	$ 2,495,860	$ -	$ 5,038,938	$ 200,000	$ 7,000	$ 7,741,798
Additional investment (see Note 5)	-	250,000	-	-	-	250,000
Founder's stock grant	-	1,000,000	-	-	-	1,000,000
Transfer of investment from HPV	-	294,916	-	-	-	294,916
Distribution received	(125,000)	-	(4,500,000)	-	-	(4,625,000)
Share of income (loss)	8,946	(220,637)	3,736,385	-	-	3,524,694
Net investment, December 31, 2019	2,379,806	1,324,279	4,275,323	200,000	7,000	8,186,408
Additional cash investment	-	-	-	-	1,300	1,300
Distribution received	(75,000)	-	(938,986)	-	-	(1,013,986)
Share of income (loss)	53,776	(63,071)	1,012,750	-	-	1,003,455
Net investment, December 31, 2020	$ 2,358,582	$ 1,261,208	$ 4,349,087	$ 200,000	$ 8,300	$ 8,177,177

Housing Partnership Insurance Exchange

Housing Partnership Insurance Exchange (HPIEx) is a for-profit association captive insurance company organized as a reciprocal insurer. HPN is entitled to 10% of income, losses and distributions of HPIEx. HPN also holds one seat on the Board of Directors. HPN operates HPIEx as its Attorney-in-Fact, but may be removed by a majority of other members. HPN accounts for its investment in HPIEx using the equity method (see Note 2).

Housing Partnership Equity Trust

During 2012, HPV and twelve HPN members established the Housing Partnership Equity Trust (a Delaware limited liability company) (HPET). HPET was established to acquire and operate multifamily properties by making joint venture investments with its non-profit members. HPET operates through a controlled subsidiary, Housing Partnership Equity Trust REIT I, LLC (HPET REIT I) that has elected Real Estate Investment Trust (REIT) status with the IRC. HPN has a revolving line of credit agreement with HPET REIT I (see Note 5). HPN is the general manager of HPET under a management contract (see Note 8). The management services provided to HPET include coordinating meetings with their members and facilitating meetings with prospective investors.

3. UNCOMBINED AFFILIATES (Continued)

HPN's Investments in Uncombined Affiliates (Continued)

Housing Partnership Equity Trust (Continued)

In February 2019, HPV transferred all shares and rights in HPET to HPN (see page 20). In addition, during April 2019, HPN converted $250,000 of its loan receivable from HPET REIT I into an equity contribution as part of a capital raise from existing shareholders (see Note 5). Also, during 2019, HPET awarded a "good-faith" founder's stock bonus to HPN that was made in the form of $1,000,000 of nonvoting stock. HPN accounts for its investment in HPET using the equity method (see Note 2).

Framework Homeownership, LLC

During 2012, HPN and one of its members formed Framework Homeownership, LLC (a Delaware limited liability company) (Framework). Framework was established to meet increasing demand for online homeowner counseling and education services; increase the sustainability of HPN member counseling; and achieve a broader vision of embedding homebuyer education into the home purchase process. HPN holds a 50% equity interest in Framework and has one of four voting seats on the Board of Directors. HPN accounts for this investment using the equity method (see Note 2).

National Community Stabilization Trust, LLC

During 2008, HPN and three other non-profit organizations established the National Community Stabilization Trust, LLC (a Delaware limited liability company) (NCST). NCST was established to provide support services to state and local Neighborhood Stabilization Programs (NSP's) to ensure efficient transfer of foreclosed and abandoned properties from financial institutions, in order to promote productive property reuse and neighborhood revitalization. NCST works to stabilize targeted communities through aggregating capital from national, private and philanthropic sources and make financing available to support local efforts focused on the objective of stabilizing communities. HPN holds a Class A interest in NCST and is one of six Board members, but has no authority to appoint other Board members. HPN accounts for its investment in NCST using the cost method (see Note 2).

SubCDEs

HPN applied for and received New Markets Tax Credit (NMTC) allocations totaling $120,000,000 from the CDFI Fund (see Note 1), of which $83,000,000 has been assigned to the SubCDEs (see below) as of December 31, 2020. The NMTC provides economic benefits to tax credit motivated investors through Community Development Entities (CDEs). A CDE is an organization designated by the United States Department of the Treasury to provide investment capital to low-income communities or persons. As part of the NMTC program, HPN received CDE status and established four sub-CDEs, HPN NMTC I, LLC (SubCDE 1), HPN NMTC II, LLC (SubCDE 2), HPN NMTC III, LLC (SubCDE 3), HPN NMTC IV, LLC (SubCDE 4) and HPN NTMC V, LLC (SubCDE 5) (collectively, the SubCDEs), all Delaware limited liability companies formed for the purpose of making loans to or equity investments in companies formed to acquire, rehabilitate and operate real estate development projects. HPN is the managing member of the SubCDEs but has granted material participating rights to the investor of each SubCDE. HPN accounts for its investments in the SubCDEs using the cost method (see Note 2).

3. UNCOMBINED AFFILIATES (Continued)

HPN's Investments in Uncombined Affiliates (Continued)

SubCDEs (Continued)

HPN made capital contributions as follows in exchange for a 0.01% membership interest in each of the respective SubCDEs noted below:

SubCDE 1	$ 1,500
SubCDE 2	1,500
SubCDE 3	1,000
SubCDE 4	3,000
SubCDE 5	1,300
	$ 8,300

The SubCDEs have used the proceeds of an unrelated entity's Qualified Equity Investments (QEIs) to make loans to qualified active low-income community businesses (QALICBs). In addition, the SubCDEs paid one-time fees to HPN totaling $325,000 from SubCDE 5 for its sub-allocation of NMTCs, during the year ended December 31, 2020, which is included in program service fees in the accompanying 2020 combined statement of activities without donor restrictions.

HPN assigned its NMTC allocations to the SubCDEs as follows:

SubCDE 1	$ 15,000,000
SubCDE 2	15,000,000
SubCDE 3	10,000,000
SubCDE 4	30,000,000
SubCDE 5	13,000,000
	$ 83,000,000

The terms of the agreements with the SubCDEs' investor members require HPN and the SubCDEs to maintain certain covenants to avoid recapture of the NMTC. As of December 31, 2020 and 2019, HPN and the SubCDEs were in compliance with all covenants that would cause a recapture of NMTC and management expects to maintain compliance throughout the seven-year life of each respective NMTC transaction.

The Investment Funds associated with the SubCDEs described above and on page 18 (Investment Funds) entered into option agreements with HPN and the respective investor members of the Investment Funds, whereby the investor members have the option to sell their respective investor interests in the Investment Funds to HPN for a purchase price of $1,000 (each transaction), in addition to all income taxes and closing costs associated with exercising the options. The investor members have the right to exercise these options at any time during a six-month period beginning at the end of each seven-year NMTC compliance period which end at various dates through 2027. In the event that the investor members do not elect to exercise the put options, HPN has a call option to purchase the interest from the investor members at fair market value as determined by mutual agreements among the parties, at any time during the six-month period following the respective put option period expirations.

3. UNCOMBINED AFFILIATES (Continued)

HPV's Investments in Uncombined Affiliates

HPV's investments in uncombined affiliates are as follows:

	CSFP	HPET	HPN Select	DDEIF	Total
Net investment, December 31, 2018	$ 701,449	$ 294,916	$ 243,819	$ 473,514	$ 1,713,698
Transfer of investment to HPN	-	(294,916)	-	-	(294,916)
Additional cash investment	-	-	25,000	-	25,000
Share of income (loss)	37,296	-	(16,347)	(13,601)	7,348
Net investment, December 31, 2019	738,745	-	252,472	459,913	1,451,130
Share of income (loss)	127,758	-	(36,043)	(15,256)	76,459
Net investment, December 31, 2020	$ 866,503	$ -	$ 216,429	$ 444,657	$ 1,527,589

Charter School Financing Partnership, LLC

During 2007, HPV established the Charter School Financing Partnership, LLC (a Delaware limited liability company) (CSFP), which is designed to encourage, facilitate, and assist charter schools with financing and all educational related activities. CSFP was formed with Class A and Class B unit investments. Five companies are Class A members of CSFP, while HPV is the Class B member. HPV operates CSFP as its general manager (see Note 8), but may be removed by a majority of Class A members. HPV holds a 50% equity interest in CSFP and holds one seat on the Board of Managers. HPV accounts for its investment in CSFP using the equity method (see Note 2).

Housing Partnership Equity Trust

During 2012, HPV and twelve HPN members established the Housing Partnership Equity Trust (a Delaware limited liability company) (HPET). HPET was established to acquire and operate multifamily properties by making joint venture investments with its non-profit members. HPET operates through a controlled subsidiary, Housing Partnership Equity Trust REIT I, LLC (HPET REIT I) that has elected Real Estate Investment Trust (REIT) status with the IRC. HPV accounted for its investment in HPET using the equity method (see Note 2). In February 2019, HPV transferred all shares in HPET to HPN (see page 18).

HPN Select, LLC

During 2015, HPN Select, LLC (HPN Select) (a Massachusetts limited liability company) was formed to provide group procurement services to its members throughout the United States. HPV committed to make original capital contributions totaling $1,650,000 to acquire approximately 37% of equity interests of HPN Select, of which $1,000,000 resulted from the conversion of a loan and $650,000 was cash. During 2018, HPN Select initiated a raise of a preferred round of capital, whereby HPV made additional contributions totaling $50,000 ($25,000 during both 2019 and 2018 by converting a portion of its outstanding accounts and contracts receivable from HPN Select). This preferred capital earns annual interest of 4.5%, cumulative from the date of issuance, and is compounded annually. HPV holds one seat on the Board of Members but may be removed by a majority of members. HPV accounts for its investment in HPN Select using the equity method (see Note 2).

In addition, HPV provided a loan to HPN Select for working capital needs (see Note 5).

3. UNCOMBINED AFFILIATES (Continued)

HPV's Investments in Uncombined Affiliates (Continued)

HPN Select, LLC (Continued)

In March 2021, HPN Select's Board of Managers voted to sell its active contracts for a total maximum purchase price of $6.5 million, of which $2.5 million is expected to be paid at the closing of the sale in May 2021 and the remaining $4 million is contingent consideration based on meeting revenue targets through 2023. The proceeds of this sale will first be used to repay all liabilities of HPN Select including its loan from HPV (see Note 5) and management fees owed to HPN (see Note 8). Any remaining proceeds will be distributed to members as outlined in the operating agreement. Upon execution of the sale, HPN Select will cease to maintain its core operations and will remain in existence through the three year contingent consideration period at which time it is expected to liquidate and dissolve.

Develop Detroit Equity Investment Fund, LLC

During 2018, Develop Detroit Equity Investment Fund (DDEIF) (a Delaware limited liability company) was formed in order to provide equity capital to certain Detroit-based housing and real estate development activities. DDEIF operates in conjunction with Develop Detroit, Inc. (see page 23), which controls DDEIF, through an affiliate, as its managing member. During 2018, HPV made a capital contribution of $500,000 to acquire 49.98% of equity interest in DDEIF. HPV accounts for its investment in DDEIF using the equity method (see Note 2).

Financial Information for Equity Method Investee Affiliates

In accordance with the disclosure standards pertaining to ASC Topic, *Investment - Equity Method and Joint Ventures*, the following financial information relates to investee entities for which the Network maintains its investments on the equity method:

	2020				
Entity	Total Assets	Total Liabilities	Total Equity	Total Revenue	Total Expenses
HPIEx	$ 59,010,329	$ 28,728,478	$ 30,281,851	$ 24,804,472	$ 24,266,709
Framework	$ 10,105,793	$ 1,331,456	$ 8,774,337	$ 15,955,572	$ 13,930,153
CSFP	$ 15,764,235	$ 930,438	$ 14,833,797	$ 457,712	$ 152,950
HPET	$ 57,869,411	$ 8,198,609	$ 49,670,802	$ 2,257,261	$ 2,845,545
HPN Select	$ 1,945,995	$ 1,441,652	$ 504,343	$ 1,971,378	$ 2,117,004
DDEIF	$ 927,546	$ 105,064	$ 822,482	$ -	$ 30,512

	2019				
Entity	Total Assets	Total Liabilities	Total Equity	Total Revenue	Total Expenses
HPIEx	$ 55,623,367	$ 26,676,129	$ 28,947,238	$ 24,475,220	$ 24,385,757
Framework	$ 9,574,808	$ 962,419	$ 8,612,389	$ 16,723,539	$ 9,410,888
CSFP	$ 15,921,984	$ 1,392,949	$ 14,529,035	$ 458,806	$ 135,142
HPET	$ 63,587,400	$ 9,475,282	$ 54,112,118	$ 4,920,870	$ 3,951,589
HPN Select	$ 2,194,656	$ 1,569,687	$ 624,969	$ 2,060,777	$ 2,126,827
DDEIF	$ 928,641	$ 75,647	$ 852,994	$ -	$ 27,202

Relationships with Other Uncombined Affiliates

Community Restoration Corporation

During 2011, HPN and three other non-profit organizations established the Community Restoration Corporation (a Delaware non-profit corporation) (CRC). CRC was established to conduct activities to help local non-profit organizations and governmental instrumentalities reclaim low-value distressed real properties to improve overall neighborhood stabilization and revitalization efforts. HPN holds one seat on the Board of Directors of CRC. HPN does not hold an equity investment in CRC.

3. UNCOMBINED AFFILIATES (Continued)

Relationships with Other Uncombined Affiliates (Continued)

Community Restoration Corporation (Continued)

HPF has provided three non-interest bearing loans to CRC to provide capital to remediate and restore specific pools of distressed mortgage notes held by CRC. The outstanding principal of these loans totaled $16,709,391 and $17,184,927 as of December 31, 2020 and 2019, respectively. The loans were funded with grant proceeds HPF received from a donor to support the neighborhood stabilization program of CRC. Due to uncertainty associated with repayment, HPF had reserved the entire principal of each loan when made.

Payments of principal in an amount equal to surplus funds generated by CRC from mortgage resolution efforts. On each March 31st and September 30th until maturity, CRC makes payments of principal in the amount of surplus funds measured on December 31st and June 30th, respectively. Within ninety days of the date the last mortgage loan is resolved, the member will pay all remaining cash on hand to HPF, at which time the remaining principal balance of the respective loans will be written-off. All remaining payments are expected in 2021.

During 2020, HPF received $475,536 based on surplus funds measured on June 30, 2020, which was applied to the balance of the loan. This payment was also included in loan loss recovery in the accompanying 2020 combined statement of activities without donor restrictions, as the entire loan balance was reserved at the time of payment (see below). In addition, based on surplus funds totaling $1,367,708 calculated on December 31, 2020, HPV removed this portion of the allowance against the loan balance as of December 31, 2020. As a result, $1,367,708 of loan loss recovery was recorded in the accompanying 2020 combined statement of activities without donor restrictions. This payment was received and applied against the loan during 2021.

During 2019, HPF received $652,160 based on surplus funds measured on June 30, 2019, which was applied to the balance of the loan. This payment is also included in loan loss recovery in the accompanying 2019 combined statement of activities without donor restrictions, as the entire loan balance was reserved at the time of payment (see below).

In accordance with the CRC loan agreements, HPF is required to distribute 50% of loan repayments to NCST. During 2020 and 2019, HPF awarded NCST grants totaling $921,622 and $326,080 based on the calculated amounts recoverable as of December 31, 2020 and 2019 (see above). These amounts are included as a reduction of the loan loss recovery within non-operating revenue in the accompanying combined statements of activities without donor restrictions. As of December 31, 2020, $683,854 of the amounts awarded remained unpaid and are included in grants payable to subrecipients in the accompanying 2020 combined statement of financial position.

If CRC is in full compliance with the loan documents, upon resolution of all mortgage loans and repayment of any remaining cash on hand, HPF will forgive any remaining unpaid principal. If by the maturity date, all mortgage loans have not been resolved, any remaining principal is due and payable to HPF. Given the uncertainty associated with repayment, except for balances that are known to be collected in the subsequent year (see above), HPF has reserved the remaining principal balance of the loans at December 31, 2020 and 2019.

3. UNCOMBINED AFFILIATES (Continued)

Relationships with Other Uncombined Affiliates (Continued)

Develop Detroit Inc.

Develop Detroit Inc. (Develop Detroit) is a non-profit real estate development company designed to play a major role in the stabilization and revitalization of neighborhoods and communities weakened by the decades-long economic decline in Detroit, Michigan. Sponsored by HPN, Develop Detroit is structured and capitalized as an independent nonprofit. Develop Detroit operates in key neighborhoods and is staffed and governed locally. HPN provides business and financial support to Develop Detroit (see Note 8) and does not hold an equity investment in Develop Detroit.

The Network provided various loans to Develop Detroit for a variety of capital and working capital needs (see Note 5).

4. RESTRICTED DEPOSITS

Restricted deposits consist of cash and certain investments of the Network, which are restricted for use in connection with certain financing agreements of the Network.

Interest and Project Reserve

Pursuant to the facility loan agreement with Develop Detroit (see Note 3), HPF has a right to hold back a portion of the principal drawn down by Develop Detroit to be used as reserves for interest and security on the loan. The interest and security reserves are calculated as 5.5% and 15%, respectively, of the project amount, as defined in the agreement. The balances of these reserves totaled $533,720 at December 31, 2020 and 2019. HPF is currently in process of obtaining the necessary approvals to release these funds to make interest payments.

The remaining balance of restricted deposits totaled $38,851 and $87,856 as of December 31, 2020 and 2019, respectively, and pertains to interest and project reserves associated with other HPF loans.

5. LOANS RECEIVABLE

HPN

HPN generally lends to Network members or affiliates and has made intercompany loans to HPF and HPV (see Note 6), as well as real estate purchase loans and development loans to affiliates. HPN's loans receivable consist of the following as of December 31:

	2020	2019
Unsecured loan agreement with HPF, bearing interest at a rate determined annually by HPN (4.33% for 2020 and 2019), which matures in June 2024. This loan and related accrued interest of $58,896 as of December 31, 2020 and 2019, is eliminated from the accompanying combined statements of financial position.	$ 5,322,441	$ 5,322,441
Unsecured loan agreement with HPF, bearing interest at a rate of 2.75%, which is set to expire in September 2029. This loan and related accrued interest of $17,187 and $2,989 as of December 31, 2020 and 2019, respectively, is eliminated from the accompanying combined statements of financial position.	2,500,000	2,500,000

5. LOANS RECEIVABLE (Continued)

HPN (Continued)

	2020	2019
Real estate purchase and development loans to two and three members as of December 31, 2020 and 2019, respectively, bearing interest at rates varying between 4.00% and 6.25% and maturing at various dates through June 2022. Interest on these notes is due in monthly payments through respective maturity. Accrued interest on these loans was $3,445 and $5,514 as of December 31, 2020 and 2019, respectively. All loans outstanding as of December 31, 2020 and 2019, are unsecured.	1,500,000	1,975,000
Unsecured revolving line of credit agreement with HPET REIT I (see Note 3), which allows for borrowings up to $2,272,727, bearing interest 3.5%, paid quarterly and in arrears. The agreement was set to expire in June 2020; however, the loan was extended through September 2021. During 2019, $250,000 of this loan was converted to an equity contribution in HPET as part of a capital raise from existing shareholders (see Note 3). There was no accrued interest as of December 31, 2020 and 2019.	386,364	386,364
Unsecured predevelopment loan to a member bearing interest at a rate of 5.75%, paid monthly in arrears, which matures in September 2023. There was no accrued interest as of December 31, 2020.	250,000	-
Unsecured loan agreement with HPV that is non-interest bearing and expires in December 2022. This loan is eliminated from the accompanying combined statements of financial position.	250,000	250,000
	10,208,805	10,433,805
Less - allowance for loan losses	(74,773)	(75,523)
	10,134,032	10,358,282
Less - current portion (net of allowance)	(886,363)	(861,364)
Total HPN long-term portion	$ 9,247,669	$ 9,496,918

5. LOANS RECEIVABLE (Continued)

HPF

HPF generally lends to members and affiliated entities of HPN and offers various types of loans, including real estate Predevelopment and Acquisition Loans, Single Family NMTC Leverage Source Loans, and Enterprise Development Loans. Loans receivable of HPF consist of the following as of December 31:

	2020	2019
Unsecured enterprise development loans to eighteen and sixteen members, respectively, bearing interest at rates between 4.50% and 6.75%, and maturing at various dates through October 2026. The total outstanding balance of these loans was $16,038,795 and $21,821,205 at December 31, 2020 and 2019, respectively, which is presented net of third-party loan participations of $4,000,000. Each loan requires monthly or quarterly interest-only payments through maturity, at which time the entire principal balance is due. Accrued interest on these loans was $96,986 and $85,416 as of December 31, 2020 and 2019, respectively.	$ 12,038,795	$ 17,821,205
Unsecured predevelopment and acquisition/bridge loans to twelve and two members as of December 31, 2020 and 2019, respectively, bearing interest at rates between 5.75% and 6.5%. The total outstanding balance of these loans was $13,055,205 and $3,000,000 at December 31, 2020 and 2019, respectively, which is presented net of third-party loan participations of $1,500,000 and $500,000, respectively. These loans require monthly interest-only payments at various dates through April 2024, at which time the entire principal balance is due. Accrued interest on these loans was $71,569 and $14,185 as of December 31, 2020 and 2019, respectively.	11,555,205	2,500,000
Real estate acquisition and bridge loans to ten and nine members, respectively, bearing interest at rates between 4.50% and 7.03%, and maturing at various dates through July 2028. The total outstanding balance of these loans was $5,164,949 and $20,805,686 at December 31, 2020 and 2019, respectively, which is presented net of respective third-party loan participations of $4,733,333 at December 31, 2019. Each loan requires monthly or quarterly interest-only payments through maturity, at which time the entire principal balance is due. All loans are secured by various assets of the members. Accrued interest on these loans was $42,274 and $85,028 as of December 31, 2020 and 2019, respectively.	5,164,949	16,072,353

5. LOANS RECEIVABLE (Continued)

HPF (Continued)

	2020	2019
HPF has an enterprise development line of credit agreement with one member with a balance of $4,000,000 as of December 31, 2020 and 2019. This line of credit bears interest at 6.75% as of December 31, 2020 and 2019. The balance of this line of credit is presented net of third party participations of $2,000,000 at December 31, 2020 and 2019. This line of credit is set to expire in May 2023 and is secured by the borrower's interest in third party LLCs. Accrued interest was $23,250 as of December 31, 2020 and 2019.	2,000,000	2,000,000
5.5% non-revolving line of credit with Develop Detroit (see Note 3) with available borrowings up to a maximum of $10,000,000. The total outstanding balance of this line of credit was $6,589,617 and $4,289,415 at December 31, 2020 and 2019, respectively, which is presented net of respective third-party loan participations of $4,905,924 and $3,336,212, respectively. Under this agreement, each draw will be treated as a separate promissory note with a maturity date of thirty-six months from the date of the draw or permanent financing relating to the specific project, whichever is sooner. Develop Detroit could continue to draw down on this line of credit through November 2023. During 2020 and 2019, there were additional draws on this line totaling $2,300,202 and $500,000, respectively. Interest only on existing draws is due monthly through various maturity dates through November 2023, at which time all remaining outstanding interest and principal relating to each advance are due. This line of credit is secured by a first priority interest on property owned by Develop Detroit and an assignment of leases and rents. Accrued interest was $34,604 and $21,038 as of December 31, 2020 and 2019, respectively.	1,683,693	953,203
Unsecured predevelopment and acquisition loan with Develop Detroit (see Note 3), which bear interest at 5.5%. This loan requires monthly interest-only payments through the initial maturity date of January 2021, at which time the principal and any outstanding accrued interest was due. During 2020, the loan was amended to increase the borrowing capacity by $250,000 and the maturity date was extended to March 2022. Accrued interest was $3,705 and $2,368 as of December 31, 2020 and 2019, respectively.	750,000	500,000

5. LOANS RECEIVABLE (Continued)

HPF (Continued)

	2020	2019
HPF is a participating lender in a NMTC leverage source loan receivable to Develop Detroit (see Note 3) where a CDFI serves as the lead lender. The interest rate is calculated based on the current London Interbank Offered Rate (LIBOR) (0.15% and 1.71% as of December 31, 2020 and 2019, respectively), plus 5%. Interest-only payments were due through the initial maturity date of May 2021 when the principal and any outstanding accrued interest were due. During 2020, the maturity date of the loan was extended to January 2022. Under this agreement, principal payments are due upon the sale of properties financed with this NMTC leverage source loan. This loan is secured by a first security interest in Develop Detroit's interest in SubCDE 3 (see Note 3) and any related distributions made. Accrued interest was \$1,870 and \$3,665 as of December 31, 2020 and 2019, respectively.	455,870	615,215
HPF has an unsecured outstanding permanent acquisition loan receivable, which bears interest payable annually at 0.25%, and matures on January 31, 2042. The acquisition loan and all accrued interest are payable at maturity. Accrued interest was \$802 as of December 31, 2020 and 2019.	420,000	420,000
HPF was a participating lender in a NMTC leverage source loan receivable where a CDFI serves as the lead lender. The interest rate is calculated based on the current LIBOR (1.71% as of December 31, 2019), plus 5%. Under this agreement, principal payments are due upon the sale of properties financed with this NMTC leverage source loan. Interest-only payments were due through the maturity date of October 2020 when the principal and any outstanding accrued interest were repaid. Accrued interest was \$5,657 as of December 31, 2019. This loan was secured by a first security interest in the borrower's interest in SubCDE 3 (see Note 3) and any related distributions made.	-	990,439
	34,068,512	41,872,415
Net recovery of CRC loans (see Note 3)	1,367,708	-
	35,436,220	41,872,415
Less - allowance for loan losses	(1,140,180)	(1,394,867)
	34,296,040	40,477,548
Less - current portion (net of allowance)	(11,986,347)	(13,242,708)
Total HPF long-term portion	\$ 22,309,693	\$ 27,234,840

5. LOANS RECEIVABLE (Continued)

HPV

	2020	2019
5% unsecured loan agreement with Develop Detroit (see Note 3), as part of the conversion of outstanding accounts and contracts receivable owed to HPN in the original amount of $1,000,000 (see Note 8). Beginning June 2020, interest is due quarterly through April 2025 (maturity) and principal payments are due annually on the last day of the calendar year through maturity, at which time all remaining outstanding interest and principal are due. Accrued Interest was $20,000 as of December 31, 2020.	$ 800,000	$ -
7.5% loan agreement with HPN Select (see Note 3). All outstanding interest and principal are due in July 2022 (maturity). Accrued interest was $48,253 and $2,984 as of December 31, 2020 and 2019, respectively. This loan is secured by a life insurance policy on the life of the current President of HPN Select and all of HPN Select's asset.	420,000	630,000
	1,220,000	630,000
Less - allowance for loan losses	(57,400)	(44,100)
	1,162,600	585,900
Less - current portion	(200,000)	-
Total HPV long-term portion	$ 962,600	$ 585,900

Interest on loans is presented net of interest of $750,609 and $840,250 collected on behalf of loan participants (see Note 2) in 2020 and 2019, respectively.

Impaired Loans and Troubled Debt Restructurings

There were no loans that were deemed to be impaired as of December 31, 2020 and 2019. There have been no loan modifications classified as troubled debt restructurings as of December 31, 2020 and 2019. There were no loans receivable on non-accrual status as of December 31, 2020 or 2019.

Loan Receivable Aging Analysis

There were no past due loans as of December 31, 2020 and 2019.

Loan Commitments

The Network had unfunded loan commitments totaling $8,267,811 as of December 31, 2020.

5. LOANS RECEIVABLE (Continued)

Schedule of Repayments

Scheduled principal repayments of gross loans receivable, net of amounts owed to participants as of December 31, 2020, are as follows:

Year	HPN	HPF	HPV	Eliminations	Total
2021	$ 886,364	$ 12,717,040	$ 200,000	$ -	$ 13,803,404
2022	1,250,000	6,063,436	620,000	(250,000)	7,683,436
2023	250,000	7,407,350	200,000	-	7,857,350
2024	5,322,441	3,315,625	200,000	(5,322,441)	3,515,625
2025	-	1,997,719	-	-	1,997,719
Thereafter	2,500,000	3,935,050	-	(2,500,000)	3,935,050
Total	$ 10,208,805	$ 35,436,220	$ 1,220,000	$ (8,072,441)	$ 38,792,584

Scheduled principal repayments of gross loans receivable, net of amounts owed to participants as of December 31, 2019, were as follows:

	HPN	HPF	HPV	Eliminations	Total
Total	$ 10,433,805	$ 41,872,415	$ 630,000	$ (8,072,441)	$ 44,863,779

Allowance for Loan Losses

The allowance for loan losses is an estimate of expected loan losses as determined by management based on risks perceived at loan inception and adjusted periodically as loans are monitored. The loan loss allowance is based on expected losses as determined under the Network's risk rating system. Loan loss recoveries are recognized when payments are received on previously reserved loans. The loan loss allowance consists of the following:

	HPN	HPF	HPV	Total
Balance, December 31, 2018	$ 158,523	$ 908,769	$ 51,450	$ 1,118,742
Loan loss provision (recovery)	(83,000)	486,098	(7,350)	395,748
Balance, December 31, 2019	75,523	1,394,867	44,100	1,514,490
Loan loss provision (recovery)	(750)	(254,687)	13,300	(242,137)
Balance, December 31, 2020	$ 74,773	$ 1,140,180	$ 57,400	$ 1,272,353

5. LOANS RECEIVABLE (Continued)

Allowance for Loan Losses (Continued)

The Network uses a five number-based credit rating system, with "1" representing the highest quality/lowest risk credits and "5" representing the lowest quality/highest credit risk credits. All loans are evaluated individually. The following table presents the Network's loans receivable balances and related allowance by risk rating at December 31:

		2020		2019	
Category	Risk Rating	Loan Balance	Loan Loss Allowance	Loan Balance	Loan Loss Allowance
Lowest Risk	1	$ 420,000	$ -	$ 420,000	$ -
Above Average	2	7,266,972	118,000	7,975,000	159,500
Satisfactory	3	29,229,741	1,023,041	34,223,564	1,197,825
Below Average	4	1,875,871	131,312	2,245,215	157,165
Substandard	5	-	-	-	-
		$ 38,792,584	$ 1,272,353	$ 44,863,779	$ 1,514,490

6. LONG-TERM DEBT

Loans Payable

Loans payable consists of the following at December 31:

HPN	2020	2019
Unsecured loan payable to US Bank. This loan bears interest at a rate of 4.33% and is due in quarterly interest-only payments through December 2021 (maturity). All outstanding principal and accrued interest are due at maturity. Accrued interest was $60,861 as of December 31, 2020 and 2019.	$ 5,500,000	$ 5,500,000
Unsecured loan payable to the Calvert Social Investment Foundation, Inc. (Calvert). This loan bears interest at a rate of 4.89% and is due in quarterly interest-only payments through October 2023 (maturity). All outstanding principal and accrued interest are due at maturity. Accrued interest was $543 as of December 31, 2020 and 2019.	4,000,000	4,000,000
Unsecured loan payable to Opportunity Finance Network to support the continued capital expansion of HPET (see Note 3). This loan bears interest at a rate of 3% and is due in quarterly interest-only payments through October 31, 2021, at which time additional annual principal payments of $568,181 are due through the maturity date of October 31, 2024. There was no accrued interest as of December 31, 2020 or 2019.	2,272,727	2,272,727

6. LONG-TERM DEBT (Continued)

Loans Payable (Continued)

HPN (Continued)	**2020**	**2019**
Unsecured revolving loan payable to Webster Bank, which allows for borrowings up to $4,000,000. The interest rate on this loan is based on a spread resulting from the one, three, or six month LIBOR, dependent on HPN's selection at the time of each draw on the loan. This loan bore interest at a rate of 2.85% and 4.6% during 2020 and 2019, respectively, and is due in quarterly interest-only payments through July 2023 (maturity). All outstanding principal and accrued interest are due at maturity. Accrued interest was $7,286 and $12,130 as of December 31, 2020 and 2019, respectively.	1,000,000	1,000,000
Total HPN	12,772,727	12,772,727
HPF		
Unsecured loan payable agreement with Charles Schwab, which allows for borrowings up to $25,000,000. During 2020, this note was increased for borrowing up to $30,000,000. This note is due in quarterly interest-only payments equal to the greater of the three-month LIBOR plus 1.75% or 2.75%. All outstanding principal and accrued interest are due at maturity. All outstanding principal and accrued interest are due on the extended maturity date of July 2025. Accrued interest was $93,633 and $174,597 as of December 31, 2020 and 2019, respectively.	12,000,000	18,000,000
Unsecured loan payable to HPN, bearing interest at a rate determined annually by HPN (4.33% for 2020 and 2019), which matures in June 2024. This loan and related accrued interest of $58,896 as of December 31, 2020 and 2019, has been eliminated from the accompanying combined statements of financial position.	5,322,441	5,322,441
Unsecured loan payable to the Kresge Foundation for the purpose of funding member loans. This loan bears interest at a rate of 2% and matures on the tenth anniversary of the initial disbursement of the loan (July 2028). The loan requires interest-only payments through the ninth anniversary of the initial disbursement of the loan, at which time one-half of the outstanding principal is due, with the remaining principal due at maturity. There was no accrued interest as of December 31, 2020 or 2019.	3,000,000	3,000,000
Unsecured loan payable to HPN, bearing interest at a rate of 2.75%, which is set to expire in September 2029 (maturity), at which time all outstanding principal and accrued interest is due. This loan and related accrued interest of $17,187 as of December 31, 2020 and 2019, has been eliminated from the accompanying combined statements of financial position.	2,500,000	2,500,000

6. LONG-TERM DEBT (Continued)

Loans Payable (Continued)

HPF (Continued)	**2020**	**2019**
Unsecured revolving loan agreement with HSBC Bank USA, which allows for borrowings up to $2,500,000. This loan bears interest at a rate of 3.25% and is due in quarterly interest-only payments through January 2024 (extended maturity), at which time all outstanding principal and interest payments are due. Accrued interest was $12,188 and $11,810 as of December 31, 2020 and 2019, respectively.	1,500,000	1,500,000
Unsecured loan payable to CommonBond Communities, a member of HPN. The proceeds of this note were used to make an acquisition loan to this member (see Note 5). This loan bears no interest and all outstanding principal is due on January 31, 2042 (maturity).	420,000	420,000
Unsecured loan payable to an unrelated third party. This loan bears interest at a rate of 2.75% and is due in annual interest-only payments through June 2021 (maturity). All outstanding principal and accrued interest are due at maturity. Accrued interest was $1,375 as of December 31, 2019. There was no accrued interest as of December 31, 2020.	50,000	50,000
Unsecured loan payable to Capital One Bank for the purpose of providing permanent working capital to support community development lending. This loan bore interest at a rate of 2% and was due in quarterly interest-only payments through January 2020 (maturity), at which time the remaining balance of principal and accrued interest was repaid. Accrued interest was $4,958 as of December 31, 2019.	-	950,000
Total HPF	24,792,441	31,742,441
HPV		
Non-interesting bearing unsecured loan payable to HPN which matures in December 2022. This loan has been eliminated from the accompanying combined statements of the financial position.	250,000	250,000
Total Network	37,815,168	44,765,168
Less - eliminations	(8,072,441)	(8,072,441)
Total loans payable	29,742,727	36,692,727
Less - current portion	(6,118,181)	(1,518,181)
	$ 23,624,546	$ 35,174,546

Certain loans payable contain financial and non-financial covenants with which the Network must comply. As of December 31, 2020 and 2019, the Network was in compliance with these covenants.

6. LONG-TERM DEBT (Continued)

Loan Commitments

The Network had total available credit of $22,000,000 as of December 31, 2020.

Equity Equivalent Loans Payable

The Network holds various equity equivalent loans payable and utilizes the proceeds to support the lending activities of HPF and HPV and to make loans to member organizations for the purchase, rehabilitation and development of affordable housing. HPN may prepay these loans in whole or in part at any time without penalty. The balances of the remaining equity equivalent loans payable were as follows at December 31:

HPN	2020	2019
2.75% equity equivalent loan payable (EQ2) to BBVA USA, with quarterly interest only payments due through September 2029 (maturity), at which time all outstanding principal and unpaid interest are due. Accrued interest was $17,187 as of December 31, 2020 and 2019.	$ 2,500,000	$ 2,500,000
2% equity equivalent loan payable (EQ2) to Wells Fargo, with quarterly interest only payments due through December 2026, at which time quarterly payments of principal and interest of $185,500 are due through December 2028 (maturity). This EQ2 maybe prepaid in whole or in part at any time without penalty. Accrued interest was $2,583 as of December 31, 2020 and 2019.	1,500,000	1,500,000
2% equity equivalent loan payable (EQ2) to Wells Fargo, with quarterly interest only payments due through the initial maturity date of September 2020, at which time HPN executed their option to extend the EQ2 through September 2022 (maturity). During this extension period, principal is payable in eight quarterly installments of $125,000. This EQ2 may be prepaid in whole or in part at any time without penalty. Accrued interest was $5,000 as of December 31, 2020 and 2019.	1,000,000	1,000,000
Total HPN	5,000,000	5,000,000
HPF		
2% equity equivalent loan payable (EQ2) to KeyBank National Association (KeyBank), with quarterly interest only payments due through June 2030 (maturity). This maturity date is rolling maturity that automatically extends annually through June 2030, if HPF satisfactorily performs its obligations under the EQ2 agreement. Accrued interest was $2,500 as of December 31, 2020 and 2019.	500,000	500,000
Total Network	5,500,000	5,500,000
Less - current portion	(625,000)	(1,000,000)
	$ 4,875,000	$ 4,500,000

6. LONG-TERM DEBT (Continued)

Total Maturities of Long-Term Debt

Maturities of all long-term debt as of December 31, 2020, are as follows:

Year	Equity Equivalent Loans	Loans Payable	Eliminations	Total
2021	$ 625,000	$ 6,118,181	$ -	$ 6,743,181
2022	375,000	818,181	(250,000)	943,181
2023	-	5,568,184	-	5,568,184
2024	-	7,390,622	(5,322,441)	2,068,181
2025	-	12,000,000	-	12,000,000
Thereafter	4,500,000	5,920,000	(2,500,000)	7,920,000
Total	$ 5,500,000	$ 37,815,168	$ (8,072,441)	$ 35,242,727

7. LEASES

The Network had a lease agreement for office space in Boston, Massachusetts through February 2020, at which time the Network signed an extension to this agreement which extended the lease through May 2027, with monthly payments ranging from $36,809 to $41,447. The Network previously leased space in Washington, D.C. under a lease agreement, which required monthly payments ranging from $9,927 to $10,848, but expired in June 2020. This lease was not renewed. In 2020, the Network began to sublease three workstations in Washington, D.C. under a sublease agreement with monthly payments of $2,750 through August 2022. The Network was obligated to pay monthly rental payments and is also responsible for its share of real estate taxes and utilities under these agreements.

Total expense under the facility leases was $409,053 and $496,074 for 2020 and 2019, respectively, and is included in occupancy in the accompanying combined statements of operating functional expenses.

Future minimum lease payments, excluding real estate taxes and utilities, under these agreements are as follows:

2021	$ 479,860
2022	477,783
2023	464,918
2024	474,200
2025	483,659
Thereafter	700,549
Total	$ 3,080,969

8. OTHER RELATED PARTY TRANSACTIONS

Management Agreements

Certain affiliates (see Note 3) engaged HPN for management services based on various agreements and terms, renewable annually. The majority of the amounts are earned on a cost recovery basis. Management fees earned by HPN are as follows:

	2020	2019
Combined Affiliates:		
HPF	$ 969,438	$ 773,483
Uncombined Affiliates:		
HPIEx	700,000	700,000
Develop Detroit	294,558	258,428
HPN Select	227,856	209,507
CSFP	72,000	71,980
HPET	40,321	80,841
DDEIF	10,000	23,483
Framework	-	141,955
Total management fees	2,314,173	2,259,677
Less - eliminations	(969,438)	(773,483)
Total management fees, net of eliminations	$ 1,344,735	$ 1,486,194

Program Service Agreements

Contracted Services and Organizing Sponsor Fees - Develop Detroit

Develop Detroit has an agreement to pay HPN sponsor fees for its efforts and investment in organizing Develop Detroit. This agreement contains a fixed and variable component, whereby Develop Detroit was charged a quarterly fee of $62,500 through December 31, 2018 (the Fixed Fee), and Develop Detroit is also charged an annual payment equal to 25% of Develop Detroit's operating net income (the Variable Fee). Total contracted services and organizing sponsor fees earned by the Network were $356,603 and $66,875 during the years ended December 31, 2020 and 2019, respectively, which are included in program service fees in the accompanying combined statement of activities without donor restrictions.

Develop Detroit will be required to make payments under the Variable Fee agreement until the sum of the Fixed Fee and Variable Fee cumulatively reach $1,800,000 or until December 31, 2025, whichever comes first. Cumulative variable and fixed fees totaled $1,333,480 and $976,877 as of December 31, 2020 and 2019, respectively.

Other Fees - HPET

HPET and HPN entered into a termination agreement during 2017 whereby HPET agreed to pay HPN $600,000 in lieu of previously contracted management service fees. The termination fee is payable in quarterly installments of $37,500 through December 31, 2018, at which time annual payments of $75,000 were due in 2019, 2020 and 2021. The remainder of the termination fee of $225,000 is due in 2022. Termination fees owed to HPN were $300,000 and $375,000 as of December 2020 and 2019, respectively, which is included in accounts and contracts receivable in the accompanying combined statements of financial position.

8. OTHER RELATED PARTY TRANSACTIONS (Continued)

Program Service Agreements (Continued)

Other Fees - HPET (Continued)

Fees earned under contracted services and organizing sponsor fees, sub-allocation fees (see Note 3), and other fee agreements are reported as program service fees in the accompanying combined statements of activities without donor restrictions and were as follows for the years ended December 31:

	2020	2019
Contracted Services and Organizing Sponsor Fees - Develop Detroit Variable (see page 35)	$ 356,603	$ 66,875
Sub-allocation fees (see Note 3)	325,000	-
LaunchPad licensing and onboarding fees charged to members (see Note 2)	240,196	610,724
Other third-party program service fees	28,597	33,684
Total program service fees	$ 950,396	$ 711,283

Accounts and Contracts Receivables

Amounts owed to the Network for management and program service fees and contracts are included in accounts and contracts receivable in the accompanying combined statements of financial position and are as follows as of December 31:

	2020	2019
Uncombined Affiliates:		
Develop Detroit	$ 2,962,230	$ 3,029,644
HPN Select	892,103	745,389
HPET	412,943	487,943
CSFP	18,000	106,933
HPIEx	-	175,000
Framework	-	35,878
Third parties	816,309	705,372
	5,101,585	5,286,159
Less - allowance	(300,000)	(300,000)
Total Network	4,801,585	4,986,159
Less - current portion	(4,525,154)	(3,624,713)
Total accounts and contracts receivable	$ 276,431	$ 1,361,446

The balance due from Develop Detroit (see Note 3) consists of unpaid costs paid for by the Network that will be reimbursed by Develop Detroit in addition to unpaid management and contracted services and organizing sponsor fees incurred (see page 35).

The Network agreed to defer $1,000,000 of the outstanding accounts and contracts receivable from Develop Detroit (see Notes 3 and page 35) as of December 31, 2019. During 2020, HPV converted this amount to a loan agreement with Develop Detroit for $1,000,000 as an unsecured 5% note payable with interest due quarterly through the maturity date of April 2025 (see Note 5).

8. OTHER RELATED PARTY TRANSACTIONS (Continued)

Accounts and Contracts Receivables (Continued)

In addition, the Network agreed to defer $51,431 and $61,446 as of December 31, 2020 and 2019, respectively, of the outstanding receivables due from HPN Select.

Also included in the non-current portion of accounts and contracts receivable as of December 31, 2020 and 2019, is $225,000 and $300,000, respectively, of termination fee payments owed from HPET in accordance with the agreement (see page 35).

9. RETIREMENT PLAN

The Network participates in a group retirement plan for its employees qualified under IRC Section 401(k) (401k Plan) effective August 2011. The Network makes discretionary contributions to eligible employees' retirement funds. The employer matching contribution was 100% of the first 3% contributed by each employee. The Network also contributed a qualified non-elective employer contribution of 5% per payroll to HPN's 401k Plan. Employees are eligible when they reach twenty-one years of age and complete three consecutive months of employment. The Network's contribution totaled $531,461 and $478,952 for 2020 and 2019, respectively, and is included in fringe benefits in the accompanying combined statements of operating functional expenses.

10. CONTINGENCY

During 2020, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there remains uncertainty around the duration and the impact it will have on the Network's operations and financial position. As a result, the impact COVID-19 will have on the Network's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact, if any, would be manageable.

11. CONDITIONAL AWARDS

Paycheck Protection Program

The Network applied for and was awarded a loan of $1,031,000 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during a covered period as defined in the CARES Act. These funds were subject to be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds would be due over a two-year period with interest at 1%. Any repayment was deferred for a period of ten months from the end of the covered period, when the note, plus interest, would have been due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations were subject to review and approval by the lending bank and the Small Business Administration (SBA). In December 2020, the entire loan balance and related interest was forgiven by the lending bank.

11. CONDITIONAL AWARDS (Continued)

Paycheck Protection Program (Continued)

Since the Network received confirmation that the loan was forgiven during 2020, it has been accounted as a conditional grant under ASC Subtopic 958-605 (see Note 2). This grant was conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received were recognized as revenue when the Network incurred expenditures in compliance with the loan application and CARES Act requirements. As of December 31, 2020, the Network recognized the entire loan balance as grant revenue, which is included in government grants and contracts in the accompanying 2020 combined statement of activities without donor restrictions.

Conditional Advances

The Network received grants and contributions that contained donor-imposed conditions that represent barriers that must be overcome as well as a right of return of the assets transferred (see Note 2). The Network recognizes these grants and contributions only when donor-imposed conditions are substantially met. Accordingly, the ending balance of conditional advances included in the accompanying combined statements of financial position pertains to cash received by the Network in advance of meeting the necessary conditions. Conditional advances consist of the following as of December 31:

	2020	2019
CDFI Capital Magnet award (see Note 2)	$ 1,387,500	$ 1,637,500
Other current year conditional awards received	1,100,000	-
Recognition of conditional awards:		
Incurring qualifying expenses	(51,175)	-
Other grants and contributions	1,048,825	-
Ending balance of conditional promises to give	$ 2,436,325	$ 1,637,500

In addition to the awards noted above where the Network has received cash in advance of meeting the necessary grant conditions, the Network was also awarded an additional conditional pledge of $1,750,000 during 2020 that is not included in the accompanying combined financial statements as the grant funds pledged have not been received as of December 31, 2020, and the donor-imposed conditions have not been met. The Network expects to satisfy these conditions during 2021, 2022 and 2023, at which time revenue will be recognized.

Committed Government Grants and Contracts

The Network maintains a contract with the U.S. Department of Housing and Urban Development (HUD) through its Housing Counseling Assistance Program that is renewable annually. During 2020, the Network received an award totaling $686,710 commencing in July that contained cost reimbursement conditions that represent a barrier that must be overcome in order to recognize revenue. The Network recognizes this government grant when qualifying costs are incurred. During the year ended December 31, 2020, the Network recognized $478,757 of this government grant award upon incurring qualifying expenses, which is included in government grants and contracts in the accompanying 2020 combined statement of activities without donor restrictions. The remaining conditional commitment under the contract at December 31, 2020, was $207,953, which has not been included in the accompanying combined financial statements.

12. FUNDING AND CONCENTRATIONS

Funding

Contract income from governmental agencies is subject to audit by the respective governmental authorities. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined statements of financial position of the Network as of December 31, 2020 and 2019, or on the combined statements of activities without donor restrictions for the years then ended.

During 2019, the Network received grants of $714,000 from the Treasury's CDFI Fund for program expansion. These grants were reported as operating revenue without donor restrictions in 2019. The Network did not receive grants from the Treasury's CDFI Fund during 2020. In connection with these grants, the Network is required to adhere to specific performance goals and requirements as outlined in the agreements with the Treasury through December 2022. The benchmarks and goals noted in the agreements are not deemed to be barriers in accordance with ASU 2018-08*, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (see Note 2). Failure to adhere to these requirements may result in repayment of Federal assistance received and ineligibility to receive future funding. HPN was in compliance with all benchmarks and goals as of December 31, 2020 and 2019.

Concentrations

As of December 31, 2019, amounts due from the CDFI Fund (see Note 1) represented approximately 57% of grants receivable. In addition, approximately 96% and 40% of the Network's grants receivable is due from three donors and one donor as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, approximately 76% and 80% of the Network's accounts and contracts receivable (see Note 8) are due from two and three payers, respectively.

13. LIQUIDITY

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the combined statements of financial position date, comprise the following at December 31:

	2020	2019
Cash and cash equivalents	$ 16,143,748	$ 13,976,792
Current portion of accounts and contracts receivable	4,525,154	3,624,713
Grants receivable	832,442	1,546,442
Current portion of loans receivable	13,072,710	14,104,072
Interest receivable	346,758	249,907
	34,920,812	33,501,926
Less - cash and grants receivable with donor restrictions (see Note 2)	(3,781,686)	(2,381,520)
Less - conditional advance held in cash (see Note 2)	(2,436,325)	(1,637,500)
Total	$ 28,702,801	$ 29,482,906

The Network's cash management objectives are to ensure that it has sufficient liquidity and resources to carry out the Network's mission. Effective cash management enhances the Network's capacity to increase access to capital for the benefit of low and moderate-income people through the partnerships with its member organizations and businesses, government, and philanthropic institutions.

13. LIQUIDITY (Continued)

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Network aims to maintain working capital balances of at least three months of operating expenses. Management regularly monitors the availability of resources required to manage liquidity, using a variety of reports and practices to manage asset-liability matching and to identify liquidity concerns.

The Network is substantially supported through and generates liquid resources from management fees, program fees, financial revenues related to lending activities, and its share of affiliate distributions. As a result of the Network's investments in uncombined affiliates, it received cash distributions of $1,013,986 and $4,625,000 during the years ended December 31, 2020 and 2019, respectively. Philanthropic grant and contribution capital is generally utilized by the Network to fund innovation initiatives and these costs can be controlled based on the annual yield of capital raised.

To supplement liquidity for mission-related financing, the Network currently has three committed lines of credit which it could further draw upon in the amount of $22,000,000 as December 31, 2020 (see Note 6).

14. RECLASSIFICATION

Certain amounts in the 2019 combined financial statements have been reclassified to conform with the 2020 presentation.